Austria . . Sch 20	Indonesia . . Rp 3100	Philippines . . Pes 20
Bahrain . . Din 0.650	Israel . . Shk 3.50	Portugal . . Esc 100
Belgium . . BFr 45	Italy . . L 1600	S. Arabia . . Rls 6.00
Canada . . C$1.00	Japan . . Y600	Singapore . . S$ 4.10
Cyprus . . C£0.75	Jordan . . Fils 500	Spain . . Pta 175
Denmark . . DKr 9.00	Kuwait . . . Fils 500	Sri Lanka . . Rup 30
Egypt . . . . E£1.50	Lebanon . . £1 50.00	Sweden . . SKr 8.00
Finland . . Fmk 7.00	Luxembourg . . LFr.45	Switzerland SFr 2 20
France . . . FFr. 8 60	Malaysia . . Rm 4 25	Taiwan . . . NT $85
Germany . DM 2.20	Mexico . . Pes. 300	Tunisia . . Din 0.800
Greece . . . . . Dr 80	Morocco . . Dh 6.00	Turkey . . . L 350
Hong Kong . HK$ 12	Netherlands . Fl 3 00	U.A.E. . . . Dh 6.50
India . . . . Rup. 15	Norway . . Nkr [illegible]	U.S.A. $1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,157 — Wednesday February 11 1987 — D 8523 B

Super-satellites seen as Star Wars centrepiece, Page 4

World news — Business summary

EEC to dispose of 1m tonnes of butter

European Community farm ministers agreed to a Ecu 3.5bn scheme to dispose of more than 1m tonnes of surplus butter. Member states will foot the bill for the butter to be exported at subsidised rates.

"The plan is essential to give the EEC's agricultural policy new credibility," said Mr Paul de Keersmaker, Belgium's Agricultural Minister and Farm Council chairman.

The move follows recent EEC decisions to cut milk production and reduce guaranteed beef prices to Community producers. Page 18

Conflict resumes

Fourteen people died in a gunbattle 100 km north of Manila. The battle was the first involving troops of President Corazon Aquino and communist rebels since a 60-day ceasefire in the Philippines ended last Sunday.

Hussein in Damascus

King Hussein of Jordan left on a visit to Damascus for talks with Syrian President Hafez al-Assad. The discussions were expected to focus on the Lebanon problem.

Spain students talks

The Spanish Government began separate talks with rival student unions. The Government's change of tactics was an effort to end more than two months of student unrest over the university admissions system.

Sri Lankan arrests

Sri Lanka detained about 3,000 people in the past two days to head off communal riots following the massacre of 29 villagers by Tamil separatists. A government official said the detainees were troublemakers who might use the killings to stir up the majority Sinhalese community against minority Tamils.

Dutch recover arms

Dutch police recovered 60 Israeli Uzi machine guns stolen from a barracks last month. Four men, including two soldiers, were arrested.

S. Africa gas attack

The South African Government disclosed it had used tear gas on 20 occasions since the state of emergency last June to subdue political detainees. Law and Order Minister Adriaan Vlok ruled out the early release of hundreds of black children detained under the emergency. A UN report said black children in South Africa risked detention for campaigning for better education.

US N-bases plan

The British opposition Labour Party said it expected to conclude negotiations on the removal of US nuclear bases from Britain within five years of taking power. Labour is running neck-and-neck with the ruling Conservative Party in opinion polls.

Trade unionists held

Twenty Bolivian trade union leaders were arrested. The Government threatened tough action against a wave of strikes sweeping the impoverished country.

Fewer West Germans

Forecasts predicted the population of West Germany would fall by 21 per cent from 61m to 48m by the year 2030 and nearly one citizen in seven would be foreign born. West Germany has one of the world's lowest birth rates.

Edna Manley dies

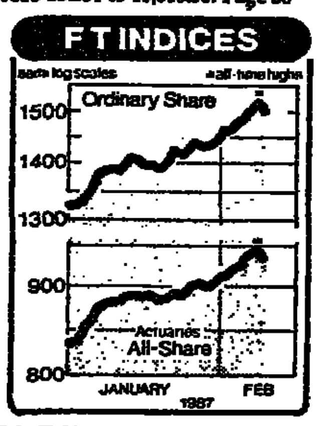
Internationally recognised sculptress Edna Manley died at her home in Kingston, Jamaica, aged 86. Born in England, she was the widow of Jamaica's independence leader Norman Washington Manley and mother of former Prime Minister Michael Manley.

Brazilian central bank chief resigns

MR FERNAO BRACHER, Brazil's central bank president, resigned last night after long standing differences with the government over both the conduct of the economy and the course of negotiations on its $104bn foreign debt. His departure is expected to add to mounting concern over Brazil's economy and further complicate preliminary discussions with international commercial banks on the ecountry's call for a multi-year debt rescheduling. Recession fears, Page 4

WALL STREET: The Dow Jones industrial average closed down 18.70 at 2,158.04. Page 38

TOKYO: Busy trading in large-capital issues and strong buying in Nippon Telegraph and Telephone lifted share prices. The Nikkey average rose 134.64 to 19,813.96. Page 38



LONDON: The withdrawl of US buyers forced London equity markets lower, while gilts closed nervously in advance of bids today for new Government tap stock. The FT-SE 100 index closed down 35.8 at 1,874.9. The FT Ordinary index was off 23.6 at 1,493.00. Page 38

GOLD fell $3.75 to $402.25 on the London bullion market. It also fell in Zurich to $403.25 from $405.65. In New York the April Comex settlement was $406.2. Page 32

DOLLAR closed in New York at DM 1.8160; SFr 1.5340; FFr 6.0495; Y153.35. It fell in London to DM 1.7970 (DM 1.8170); SFr 1.5175 (SFr 1.5320); FFr 5.9950 (FFr 6.0525), and Y152.30 (Y152.45). On Bank of England figures the dollar's exchange rate index fell from 104.1 to 103.1. Page 33

STERLING closed in New York at $1.5250. It rose in London to $1.5355 ($1.5190); FFr 9.2050 (FFr 9.1925); SFr 2.3300 (SFr 2.3275); Y233.75 (Y231.50), but was unchanged at DM 2.76. The pound's exchange rate index rose to 68.6 from 68.5. Page 33

HONEYWELL, large US computer group, suffered a fourth-quarter net loss, including discontinued activities and a loss on disposals, of $492.8m, compared with a profit of $127.2m last time. Total loss for the year was $398.1m, against a profit of $281.6m for 1985. Sales for the year rose to $5.38bn, from $4.99bn, with $1.62bn, against $1.5bn in the latest quarter.

SOCIÉTÉ GÉNÉRALE, France's fourth largest banking group, is to be privatised in the second half of this year, in a move which could more than double the Government's original projections of privatisation receipts to FFr 70bn ($11.5bn). Page 19

EASTERN AIRLINES of the US agreed to pay a record $9.5m fine, sought by the Federal Aviation Administration, for safety violations found in a 1985 government inspection.

VIACOM INTERNATIONAL, US broadcasting and cable TV group, rejected the near $3bn takeover offer it received this month from Arsenal Holdings, a subsidiary of theatre chain group National Amusements. Page 20

R.J.R. NABISCO, major US tobacco and foods group, increased 1986 earnings from continuing operations by 11 per cent to a record $1.06bn, or $3.90 a share, from $976m, or $3.50, partly due to the inclusion of Nabisco Brands for the whole year. Page 19

Israel admits negotiating for exchange of prisoners

BY OUR FOREIGN STAFF

ISRAEL has been secretly negotiating with Lebanese terrorist groups for the release of three of its nationals in exchange for a possible 400 Arab prisoners it emerged last night.

Mr Yitzhak Shamir, the Israeli Prime Minister, admitted this publicly for the first time as it was learned in Beirut that a list of 310 Lebanese and 90 Palestinians held by the Israelis was submitted to International Committee members of the Red Cross in the Lebanese capital. The Red Cross officials declined to confirm this.

It remained unclear, however, whether these negotiations involved the release of the three US academics and one Indian one being held by the so-called Islamic Jihad for the Liberation of Palestine group. This terrorist gang had threatened to kill the hostages unless the Israelis agreed to free the Lebanese detainees.

The deadline of late Monday evening set for their executions was indefinitely postponed leading to speculation that these detainees had become part of the Israelis' negotiation.

Throughout the current Lebanon crisis Israeli leaders have made a careful public distinction between their refusal to enter into negotiations over any of the 26 foreign hostages and their willingness in private to discuss the return of their own prisoners of war.

The White House and US State Department yesterday closed ranks to dampen any speculation that the US was involved in a deal with Israel to free American hostages in Lebanon.

A White House spokesman, Mr Dan Howard, said: "With regard to the question of a trade or proposed trade of Palestinian prisoners or whatever for the American hostages, we've had no contact or discussion with the Israeli Government."

Diplomatic sources in Jerusalem said the discreet contacts Israel had established centre on the return of an Israeli Phantom navigator shot down over southern Lebanon in October 1986, along with two Israeli soldiers. One of the two soldiers, seized in Lebanon last February, may have subsequently died.

The outlines of a deal between the Shamir Government and the Lebanese Shia militia, Amal, holding the navigator is believed to have been sketched out a month ago whereby the Israeli airman would have been swapped for a number of Amal prisoners.


Yitzhak Shamir: negotiating

But Mr Nabih Berri, Amal's leader, apparently backed out at the last minute, arguing that, if he were to make a separate deal with Israel, he would be exposing his already shaky domestic position to even more danger from extremist groups such as the Iranian-backed Hizbollah.

Hizbollah, which has a tactical alliance with pro-Syrian Palestinian groups, is known to hold the two soldiers.

Usually well informed Israelis said yesterday there were indications that the Islamic Jihad for the Liberation of Palestine group, holding the four university lecturers, may be composed of Palestinians rather than Lebanese Shia, as had been previously assumed.

Given Amal's deteriorating position in the complex battle for power in Lebanon, Mr Berri is said to have insisted on a broader, more compre-

Continued on Page 18

Israeli borrowing costs rise, Page 3

Baker declares US still pressing for economic accord

BY STEWART FLEMING IN WASHINGTON AND PHILIP STEPHENS IN LONDON

MR JAMES BAKER, the US Treasury Secretary, told Congress yesterday that the US was continuing to press for greater economic policy co-ordination among the major industrial countries.

But he refused to comment on reports that the US Administration had told West Germany and Japan that it would seek to establish with them reference zones for the dollar's value against other major currences if they agreed to stimulate their economies.

In the currency markets, the dollar had another volatile day. It fell sharply in European trading, especially against the D-Mark, partly in response to some of Mr Baker's comments, before bouncing back in later US trading.

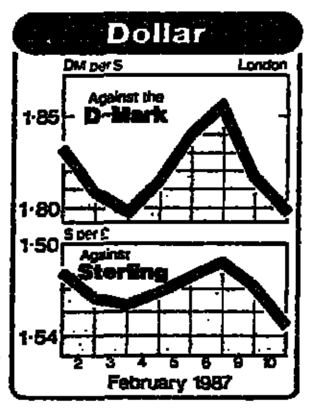
Mr Baker told the House Ways and Means Committee, which is in the process of preparing trade reform legislation that he believed that the yen/dollar exchange rate was now in line with economic fundamentals and was appropriate.

In his testimony, Mr Baker insisted that the Administration's efforts to improve macroeconomic policy co-ordination were in the process of contributing to an improvement in the US current account deficit, albeit more slowly than Washington had anticipated.

But he cautioned against expectations that Japan or West Germay would quickly move towards further cuts in their interest rates. "They have got their interest rates down pretty far right now," he said.

Mr Baker insisted, however, that "there can be little question that more needs to be done to promote more rapid growth abroad" in order to reduce the international trade imbalances.

"The alternatives to stronger growth abroad – unacceptable levels of economic activity in the US or exchange rate changes greater than would otherwise be needed, or both – cannot be viewed lightly in the current international environment," he said.



In Europe reports that the US was seeking the early establishment of a series of formal reference zones for major currencies were greeted with some scepticism.

European monetary officials acknowledged, however, that senior officials from the Group of Seven industrial countries had been involved in intensive discussions in recent weeks on the establishment of a series of indicators to provide policy guidelines for the major economies.

The officials added that it had also become clear that the US Administration would like to conclude some form of deal with West Germany in which Washington would agree to stop "talking down" the dollar in return for a commitment from the Bonn Government that it would promote faster economic growth.

The Seven agreed at last year's World Economic Summit in Tokyo to seek to agree on a set of common indicators for their economies – ranging from growth and inflation rates to exchange and interest rates – as a means of strengthening policy co-ordination.

The officials said that those discussions were making some progress and may have formed the basis of reports in Washington that the US Administration was seeking currency reference zones.

It remains far from certain, however, that governments have the political will at present to translate the work on indicators into a substantive agreement on their respective contributions to more balanced economic growth.

West Germany is also doubtful whether even a very loose system of reference zones could be successful in stabilising foreign exchange markets unless the US Administration does more to lower its budget deficit.

The officials said they were still not ruling out an early meeting of ministers from the Group of Five or the Group of Seven, but added that so far none was scheduled ahead of the regular April talks in Washington.

On the foreign exchange markets meanwhile the dollar fell back further in reaction to Mr Baker's testimony, closing in London at DM 1.7970 against Monday's DM 1.8170.

In Washington, Mr Baker insisted that the US had not experienced difficulty financing its current account deficit with foreign savings, as he has done in recent weeks. He also again pointed out that "there is always a danger should the dollar decline too far too fast", adding that Japan's economic growth depended

Continued on Page 18

Money markets, Page 33

US chipmakers demand action against Japan

BY LOUISE KEHOE IN SAN FRANCISCO

US semiconductor makers are demanding immediate trade sanctions against Japanese companies for alleged violations of the US-Japanese chip agreement signed six months ago.

In a report delivered to Mr Clayton Yeutter, the US Trade Representative, on Monday, the Semiconductor Industry Association (SIA), a trade group representing US chipmakers, claimed that the US industry and government was losing $750,000 a day in dumping duties waived as part of the trade pact and in lost potential sales to Japan guaranteed by the agreement. SIA claims that losses will total $160m by the end of March.

The association calls for retaliatory measures to offset the "unjust benefits" being gained by Japanese companies as a result of the chip pact. The SIA report complains that the Japanese Government has been given "ample opportunities to express good faith," but serious violations of the agreement continue.

Under the terms of the six-month-old agreement, Japan promised to prevent Japanese-made chips being "dumped" in the US and other markets and to open the Japanese market to foreign suppliers.

US chipmakers claim, however, that their sales in Japan have decreased rather than increased over the past six months and that Japanese chips continue to be sold below "fair value" in Asia, although prices had risen significantly in the US.

"We are deeply disappointed that the Japanese Government has not fulfilled the commitments under the agreement and is frustrating the accomplishment of the agreement's objectives," the association said.

US industry analysts said yesterday that the industry association appeared to be trying to maintain pressure on the US Government to stand firm on the terms of the agreement at a time when the fortunes of the US semiconductor industry seemed to be improving.

US trade officials set an April 1 deadline for full implementation of the trade agreement during talks in Tokyo last month. They have not specified, however, what action might be taken if the alleged violations continue.

US industry executives have, however, proposed two forms of trade sanctions; imposing dumping duties on Japanese memory chips sold in the US, and tariffs on Japanese electronics goods produced by companies that have violated the agreement.

European car makers agree import curbs, Page 18

Ricoh, the leading Japanese office equipment company, is to triple the output of its British copier plant at Telford in Shropshire. The move is the latest in a series of decisions by Japanese companies affected by EEC anti-dumping duties to establish or expand production in Europe. Page 18

Moscow to free 140 political dissidents

By Patrick Cockburn in Moscow

THE Soviet Union is to release 140 political dissidents from labour camps and prison as part of a general review of sentences imposed on people for anti-Government activities.

Mr Gennady Gerasimov, the Soviet Foreign Ministry spokesman, said yesterday that 140 dissidents had already been pardoned and the cases of a similar number were under review.

He added that the trend in the Soviet Union today was "to reduce the number of people behind bars."

The number of political dissidents imprisoned in the Soviet Union is estimated to be between 750 and 900 by diplomats in Moscow who say that Mr Mikhail Gorbachev, the Soviet leader, is evidently seeking to defuse the human rights issue as speedily as possible.

The motives behind the releases evidently include both a genuinely more liberal attitude in the Kremlin and a calculation that the continued detention of a small number of dissidents was not worth the political damage done to the Soviet Union's image abroad.

Most of the prisoners released have either asked for a pardon or promised not to repeat past offences, Mr Gerasimov claimed. This was later dismissed as irrelevant by Mrs Yelena Bonner, wife of Dr Andrei Sakharov, the most famous Soviet dissident, who was released from exile in December.

"Six months ago they could have written any piece of paper they wanted and still died in a camp," Mrs Bonner said. "I am very happy and I am waiting for the day when all these 140 people are home with their families," she said.

A special commission is now reviewing the Soviet criminal code with a view to softening it "although there are some comrades who think the stricter it is, the better," Mr Gerasimov said. He also said the review of sentences was "consistent with the process of democratisation" in the Soviet Union.

The new Soviet policy on human rights appears to be to release most of the political dissidents, many of whom are imprisoned under Article 70 of the criminal code which covers "anti-Soviet agitation." The official attitude to another 1,000 to 1,500 people detained for religious practice or proselytising is unclear.

A review of the cases of 11,000 people, most of whom are Jewish, refused exit visas in the past is also being conducted, with 500 visas issued as a special exception in January.

Fewer vodka deaths, Page 2

Allis-Chalmers to spin off 50% of worldwide operations

BY JAMES BUCHAN IN NEW YORK

ALLIS-CHALMERS, the deeply troubled US maker of heavy process plant, is spinning off almost half of its worldwide operations into a new company to be based in Sweden and offered for sale to the public.

The new company, to be known as Svedala Allis, will be managed separately. It will be put up for sale in private and public share offerings over the next few months although Allis-Chalmers of Milwaukee will retain an equity interest as well as licensing and other relationships.

Allis-Chalmers, which has reported losses since 1980 and underwent a drastic recapitalisation in 1985, said the new company would comprise its subsidiaries in Europe, including the UK, in Latin America, Asia and Australia as well as its crushing and screening operations in North America.

Svedala Allis, which will be based in Malmo, is expected to have sales of SKr 2bn ($330m), of which about two-thirds will be crushing and screening equipment and the rest air quality control products.

Allis-Chalmers, which has disposed of a string of businesses in the past two years in a desperate response to the collapse of its agricultural and ore processing equipment markets, will specialise in serving the US and Canada with air conditioning and filtration products and various specialised operations.

The combined company lost $4.2m from continuing operations which generated $771m in sales last year. Mr Wendell Bueche, chief executive of Allis-Chalmers, said the creation of the two companies was "another step toward meeting our strategy for effective financial restructuring of the corporation."

He said the new structure was designed to exploit strengths in the overseas subsidiaries, including market position and strong balance sheets.

Sweden had been selected as headquarters for the new company because the Swedish operations would generate a "substantial portion of Svedala Allis sales," Mr Bueche said. Allis-Chalmers' shares were unchanged at $2⅞ at lunchtime yesterday.

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A TOUCH OF THE SWAGGER AT Nº 10

Bettino Craxi, The Italian premier meets Mrs Thatcher on equal terms. John Wyles reports, Page 2

Balladur unveils plan to reform insurance industry

BY GEORGE GRAHAM IN PARIS

FRANCE'S finance minister, Mr Edourad Balladur yesterday launched a plan to reform regulation of the insurance industry and set up a new independent commission to supervise the country's insurance companies.

Balladur . . . modernising the rules

A bill is expected to be put before parliament in the spring and voted on in the autumn, but the Government will try to complete its consultations more quickly in order to vote on the new insurance law in the spring.

Mr Balladur said the bill would liberalise and modernise the rules governing insurance companies to enable them to compete internally against banks and other financial institutions and internationally against other insurance compaines in the EEC.

The finance ministry is concerned that French insurance companies have not yet fully recognised the consequences of the freeing of the EEC market in financial services from 1992, which could expose them to competitors with more developed broking and reinsurance structures.

The bill will create an independent watchdog with powers of sanction, similar to the commission which regulates banks in France. It will supervise companies' solvency ratios, a role currently filled by the finance ministry's insurance directorate.

It will also aim to eliminate the current system by which every insurance contract must receive prior approval from the insurance directorate

Mr Balladur aims to end the outdated parts of the current insurance code and look closely at the more than 60 obligatory insurance policies which give the industry a captive market.

The finance ministry wants to open up the distribution of insurance products to a wide range of financial intermediaries, subject to controls or the qualifications of insurance salesmen.

The creation of insurance products is viewed as a more specialised task and one which must be more tightly controlled.

Mr Balladur defended his policy of privatising the four state-owned insurance groups, which has proved more difficult to achieve than for the banking and industrial companies in the public sector. He said he hoped one of the four could still be privatised before the end of 1987.

The flotation of Assurances Générales de France, originally due in the first half of this year, has already had to be postponed to the autumn. It may now be preceded by the Mutuelles du Mans, whose mutual status makes them an anomaly in the state sector.

Additional measures are planned to reform the legal status of mutual insurance groups and to compel insurance companies to publish consolidated group accounts.

Low-fare airline's jets grounded over safety

BY DAVID HOUSEGO IN PARIS

POINT AIR, one of France's few low-fare airlines, is preparing to do battle with the French civil aviation authority which has grounded all three of its aircraft for breaches of safety regulations. The Transport Ministry yesterday gave the airline a month to put its aircraft in order or risk losing its licence.

The airline claims the ban is deliberately timed to coincide with the publication of its summer catalogue and has been inflicted because Point Air is damaging the business of major airlines. A subsidiary of a travel agency, Le Point de Mulhouse, the company now claims 50 sales points in France and a turnover of FFr 1.2bn (£130m).

It has pushed up sales by leasing aircraft and price fares aggressively. It currently offers a New York return fare of FFr 1,780 (£193).

The civil aviation authority said last week that surprise inspections in recent weeks had revealed 77 violations of safety regulations.

Point Air owns two Super DC8s and a Boeing 707. Two of the aircraft are grounded in London where they had been sent for overhauls and one in Paris. But the company said yesterday that it was maintaining full services by hiring aircraft.

Pravda publishes US chemical weapons claim

The SOVIET Communist Party newspaper Pravda published an article yesterday by a top US arms official accusing Moscow of using chemical weapons in Afghanistan and supplying them to Vietnam, Reuter reports from Moscow.

The remarks of Mr Kenneth Adelman, head of the US Arms Control and Disarmament Agency, were denied by Pravda in the second edition of a new column featuring comments by Western politicians and experts on current affairs.

In an abridged version of an article first published in the English defence journal Jane's Defence Weekly, Mr Adelman said the Soviet Union had used chemical arms while supporting Kabul's Communist government in its war with Moslem rebels.

He said Moscow had supplied chemical arms to Vietnam for use in its conflict with Kampuchea and Laos, while the US chemical arms stockpile was small and had become outdated since it halted production of such arms in 1969.

In reply, international commentator Me Vladislav Drobkov accused the US of supplying Afghan rebels with chemical arms and dropping 48m litres of "agent orange" gas on Vietnam during its intervention there in the 1970s.

He denied the US stock of chemical weapons was small, quoting the US journal Defence News as saying Washington had 150,000 tonnes of chemical weapons.

According to western military analysts, the Soviet Union has 200,000 to 500,000 tonnes of modern chemical weapons.

US and Soviet arms experts are involved in negotiations with other powers at a 40-nation security conference in Geneva aimed at reaching a chemical arms ban.

The Soviet Union has expressed optimism that agreement can be reached, but Washington, which plans to resume chemical arms production next autumn, says its stockpiles are too small to counter Soviet chemical weapons.

● Mr Diego Cordovez, the United Nations negotiator on Afghanistan, began talks with Soviet officials yesterday prior to discussions later this month on the withdrawal of Soviet troops from Afghanistan, a Foreign Ministry spokesman said.

He said Mr Cordovez met First Deputy Foreign Minister Mr Yuli Vorontsov, but gave no details of their discussions.

Mr Cordovez will meet Mr Eduard Shevardnadze, the Soviet Foreign Minister, and leave the Soviet Union tomorrow.

Mr Cordovez's visit follows talks between Mr Shevardnadze and Pakistan's Foreign Minister, Mr Sahabzada Yaqub Khan, in Moscow last Friday and Saturday.

SPD grip on Hesse put in jeopardy

By Peter Bruce in Bonn

WEST GERMANY'S struggling opposition Social Democrats (SPD) partly faces losing control of the key state of Hesse following the surprise resignation as Premier yesterday of Mr Holger Boerner.

On Monday, Mr Boerner brought to an end the first-ever coalition government between the SPD and the radical Greens party — thus precipitating an early election — by sacking the only Greens minister in his cabinet, Mr Joschka Fische,. He took the action following a row over granting operational approval to a plutonium plant.

His decision not to stand for re-election will worry SPD pragmatists deeply. They fear that his successor, Mr Hans Krollman, the present Finance Minister, will not be able to beat off an almost certain Christian Democrat (CDU) challenge from Mr Walter Wallman, the Federal Environment Minister.

Mr Boerner (56) has not been well and collapsed while speaking in public a few weeks ago. He claims to weigh 250lbs and has apparently found the effort of working with the Greens extremely taxing.

His departure, however, may lift the spirits of the SPD's left which is keen to continue looking for ways to work with the Greens. It will certainly add spice to an inner-party debate about the Greens that has been raging since last month's general election.

While many in the SPD would have welcomed Mr Boerner's rough treatment of the Greens, he was sharply criticised for dismissing Mr Fischer by the SPD regional division in south Hesse.

There is considerable embarrassment and anger in the SPD that the coalition fell apart because of Mr Boerner's determination to give partial operating authorisation to the Alkem nuclear plant at Hanau. The SPD is supposed to be committed to ending nuclear power generation.

Mr Krollmann (57), a long-time party official, was probably mindful of this yesterday when he left the door open to co-operation with the Greens after a state election now brought forward to April 5.

The Greens seem likely at this early stage to improve their standing in the Wiesbaden parliament. They won 9.4 per cent of the vote in the state in the general election, against 6 per cent previously.

But while Green leaders said yesterday they would aim to form another coalition with the SPD, there is great uncertainty whether the two might win an overall majority.

Mr Wallman, a former Mayor of Frankfurt, is popular in the state. He failed to become premier in 1983 mainly because of Mr Boerner's own high standing with working class people.

Without Mr Boerner to fight, Mr Wallman's chances of forming a coalition with the Free Democrats appear very good. He has been Federal Environment Minister since last summer, since when he has made every effort to promote himself, often to good effect, on national television.

Madrid accused of Iran arms sale cover-up

By David White in Madrid

THE SPANISH Communist Party yesterday accused the Government of hiding information about arms sales, following a report that it had approved supplies to Iran worth $280m since 1983.

The Madrid daily newspaper El Pais said the arms, mainly ammunition, were sent via other countries including Libya and Syria, before sales to these two countries were stopped last year. It said its sources were senior executives of Spanish arms companies.

Earlier, the Government had denied that it authorised any sales to Iran or that Spain had been used for shipments of arms from other countries. Spain officially stopped new arms deals with both Iran and Iraq in 1980. El Pais said that the last important shipment to Tehran was made last May.

Italian PM hits out at US economic policy

THE ITALIAN Prime Minister, Mr Bettino Craxi, last night issued one of the strongest protests yet by a European leader at the conduct of the US economic policy.

He told a banquet at the Mansion House in London that current international trends risked a "regressive spiral of trade wars of uncertain outcome which can undermine solidarity and understanding between allied nations."

His stinging criticism of US fiscal and exchange rate policies came at the end of a detailed account of the recovery of the Italian economy under the two governments which he has led since 1983. Italy, he claimed, had conquered inflation and was heading for one of the highest growth rates in Europe thanks to a government programme of "concrete and pragmatic economic recovery."

However, Mr Craxi made clear his preoccupation with external threats to this recovery. Without ever mentioning the US, he complained about "too frequent and too wide fluctuations in exchange rates" which could not alone correct imbalances but which can have shattering effects on whole sectors of production."

Paradoxically, this instability promoted protectionist moves "in those very countries in deficit which facilitate the unbridled devaluation of their currency," which then stimulated protectionism in surplus countries.

The major industrialised countries must agree a "definitive and co-ordinated framework," leading to co-operation and co-ordination of econoimc policies, said Mr Craxi.

With many leading Italian businessmen present, Mr Craxi told the banquet given in his honour by the Lord Mayor that Italian economic progress was not the product of "exceptional and, therefore very much temporary, circumstances."

The Government had opted for a step-by-step improvement based on equity and consensus. Management and workers had collaborated responsibly, wage indexation and public spending had been restructured, with the result that the revival of growth had led to higher investment and a quadrupling of capital values on the stock market since the end of 1984.

"Within Europe, he said, there was a great need to complete the EEC's internal market to enable "individual national efforts to multiply." The European Monetary System should also be strengthened in order to favour a gradual dismantling of protective barriers which still existed in a number of fields.

John Wyles on a meeting of minds

Craxi takes a touch of swagger to Thatcher talks

Craxi and Thatcher: 'both speak their minds'

On the surface, Mrs Margaret Thatcher and Mr Bettino Craxi might not appear to have much in common beyond the politician's love of power. She, the apostle of middle-class suburban Tory values, he a sinewy Socialist from Milan, have scaled "the greasy pole" of politics out of very different cultures and traditions.

Yet the personal and political similarities between these two prime ministers will give a rather special flavour to today's regular bi-lateral consultation in Downing Street on European Community and other international issues.

These can be rather ritual occasions, when sheer familiarity with the other's position robs the discussion of much content. Differences are noted and the next item on the agenda addressed.

Thatcher-Craxi meetings are somewhat different, says the Italian prime minister's diplomatic adviser. Mr Antonio Badini. "They have a similar chemistry, both speak their minds and want to push the discussion towards agreement."

Their record is not one of unbroken success. Mrs Thatcher was, for example, put in a bad temper by Mr Craxi's chairmanship of the 1985 Milan summit when his desire for an EEC treaty conference triumphed over her opposition.

Both prime ministers, who have now held office for the longest continuous periods in their countries' post-war history, are intensely competitive people. The mounting statistical indications that the Italian economy is now richer than Britain's may just give a touch of swagger to Mr Craxi's bearing. Mrs Thatcher, for her part, may be no less incredulous than most British people than the UK is about to cede to Italy fifth position in the league of Western industrial power.

But a glance at the ministerial trade figures gives some clue as to relative strengths. In 1985, the surplus ran £827m in Italy's favour; during the first 11 months of last year it widened to £1.168bn. Italy sold £431m more in manufactured goods to the UK than it purchased and £550m more of transport equipment. Italian oil purchases from the UK of £370m did little to redress the balance.

> The personal and political similarities between these two prime ministers will give a rather special flavour to today's regular bilateral consultation.

Italy's current economic economic strength gave Mr Craxi a good song to sing at the banquet the City gave him at Mansion House last night. Mrs Thatcher, in common with not a few Italians, may wonder how it can all be done with a domestic political system which totters in perpetual crisis.

She will be aware that this could be her last meeting with Mr Craxi in his present position for some time. Party rivalries require him to hand over to a Christian Democrat in April in a transfer of power whose only recent parallel is the Peres-Shamir swap in Israel.

Unusually for an Italian Prime Minister, Mr Craxi has developed both an interest in and a talent for foreign policy. His unprecedentedly long term in office has afforded the opportunity, but the lure of domestic political gain has been the spur.

Despite having, in Mr Giulio Andreotti, one of the most internationally experienced of Italian foreign ministers, Mr Craxi has managed to pull into the prime minister's office some of the same authority which other European heads of government have long enjoyed.

In the process, his relations with the veteran Christian Democrat, who may well succeed him as prime minister, have evolved from tense rivalry into usually constructive collaboration.

According to Mr Badini, the prime minister's most important contribution has been to put a new emphasis on national security and to develop new and fruitful relationships in Latin America and North Africa. His critics say that he has been overly preoccupied with image and that his "heroic" clash with President Reagan in October 1985 over which country should have custody of the hijackers of the Achille Lauro was typical of his playing to the domestic gallery at the expense of a considered foreign policy.

The Middle East has been one of Mr Craxi's strongest preoccupations. He is convinced that the area represents a much stronger threat to peace than potential conflicts with the Soviet Union. Unfortunately, he invested much hope in the Palestine Liberation Organisation, met its leader Mr Yassir Arafat on two occasions, only to see its strength and fortunes crumble.

Nevertheless, his conviction that Italy needs a policy on the Middle East is understandable, particularly in the absence of any serious US peacemaking efforts. The country has suffered a large number of terroist incidents of Middle Eastern origin, and it was seriously jolted last year when a Libyan missile landed perilously close to its offshore island of Lampedusa.

Whereas Italy was once all things to all governments in the area, there are now genuinely good bi-lateral relations with Algeria, Tunisa and especially Egypt, and suitably strained relations with Libya and Syria. It was Mr Craxi, in a fit of disgust with the reluctance of EEC foreign ministers to do so, who named these two countries as agents of terrorism last year.

Mrs Thatcher may think that Mr Craxi propounds Italy's traditional credo of a federal Europe. Mr Badini says that if she listens carefully she will hear a far more pragmatic voice than that of an Italian Christian Democrat. "He does not ask for the impossible on Europe," says the adviser. Mr Craxi agrees with the British line that financial discipline needs to be established before the EEC budget is allowed to grow, although he may be more flexible in defining discipline.

He has, however, been publicly disgusted with agricultural surpluses and takes the view that Italy has to cut right back on wine and olive oil production.

The absence of any domestic policy to achieve this lends weight to criticisms that his foreign policy efforts are more style than substance and unduly concerned with public impact. This may be so, but whereas until recently Italian foreign policy involved little more than loyal membership of the North Atlantic Treaty Organisation and a clever plundering of the EEC budget, Mr Craxi has started to demonstrate that there may need to be other dimensions.

Paris and Bonn agree to helicopter talks

BY DAVID MARSH IN BONN

THE ARMANENTS directors of the French and West German Defence Ministries will meet next month to try to give new impetus to a stalled joint project to build an anti-tank helicopter for the 1990s.

The meeting will consider reports drawn by the two industrial companies involved in the long-delayed project, Aerospatiale and Messerschmitt-Boelkow-Blohm, to try to simplify and lower costs

The meeting will be in Bonn on March 16 and 17. It will be followed by talks in early April between Mr Andre Giraud and Mr Manfred Woerner, the French and West German Defence Ministers, who will attempt to reach an agreement.

The project, decided formally in 1984 between President Francois Mitterrand of France and Mr Helmut Kohl, the West German Chancellor, has assumed great political importance.

The helicopters were initially due to be produced by 1992-93, but will not be ready before 1995.

After a string of failures in recent years on plans to produce jointly tanks, fighters and military observation satellites, neither Bonn nor Paris wants another setback

The idea of producing a helicopter in three different versions for the French and German armies has run into cost-overruns, forcing the two sides to try to increase common features and reduce the versions to two.

Paris and Bonn have also been at loggerheads over Germany's reluctance to use a European-designed infra-red system to give the helicopter night-flying capability.

The West German Defence Ministry has been sceptical about whether such a system could be developed in time. Although there are signs that a compromise can be reached on a European solution, Bonn has shown clear signs of preferring an already developed US system

Nuclear test talks stall over agenda

By William Dullforce in Geneva

THE US and the Soviet Union have agreed a recess in the fourth round of talks on nuclear testing until March 16, with each side accusing the other of stalling

Mr Andronik Petrosyants, the chief Soviet negotiator at the Geneva talks, said yesterday that the Soviet Union was ready to discuss the verification issues to which the US wants to give priority. But verification had to be dealt with in the context of talks aiming to achieve a comprehensive test ban treaty.

Earlier Mr Robert Barker, US assistant secretary of defence for atomic energy, charged that the Soviet Union had not been prepared to begin negotiations.

The US has been pressing for stricter verfication clauses in the 1974 nuclear threshold treaty and the 1976 peaceful nuclear explosions treaty which limit underground nuclear explosions (the only ones still allowed) to 150 kilotons. "They are unwilling to talk about any other issues," Mr Petrosyants claimed.

The US is seeking a step-by-step approach starting with an agreement on how to verify compliance with treaty obligations. Washington sees a nuclear test ban as a long-term objective to be reached gradually by reductions in the size and number of tests, running parallel with a build-down in the number of nuclear weapons.

Mr Petrosyants said the key issue remained a comprehensive test ban. After the last US nuclear test on February 3, the Soviet Union said it would abandon its unilateral moratorium on testing, imposed in August, 1985, "at an appropriate time."

Moscow claims drive against alcohol cut death rate by 15%

BY PATRICK COCKBURN IN MOSCOW

THE DEATH rate among Soviet citizens of working age fell last year by 15 per cent compared to 1984 because of the crackdown on alcohol, according to figures published yesterday by the Central Statistics Board.

The figures show that 799,000 people between 18 years old and the age of retirement (55 for women and 60 for men) died in 1984 compared to 680,000 deaths from this age group in 1986. This indicates a fall in the death rate of 510 to 432 per 100,000.

The Soviet news agency Tass says this was the first time for many years that the mortality rate in the Soviet Union had fallen and attributes the drop almost entirely to the anti-alcohol laws of 1985 which has cut hard liquor consumption by 38 per cent. In the past the increase in the mortality rate provoked official embarrassment and a clamp-down on the publication of such statistics.

Western demographers have estimated that the life expectancy of a Soviet male is a maximum of 60 to 62 years, and possibly much less, compared to 66 in the US. Life expectancy for American and Soviet women show less disparity.

The new statistics for 1986 show that death from accidents at work are down by one third and demographers say that many of these fatalities are the result of drunkenness. Deaths from cardio-vascular diseases, also often drink related, fell from 143 to 125 per 100,000 between 1984 and 1986. Respiratory diseases were also down by one third.

Cancer is an increasing cause of deaths in the Soviet Union rising from 75 per 100,000 in 1970 to 93 in 1980 and 95 last year.

The Soviet authorites have been eager to prove that the tough laws on drink have produced immediate benefits. These include a 25 per cent drop in the crime rate, a 20 per cent fall in road accidents and a reduction in absenteeism at work by one third.

At the same time figures show that in the first 11 months of last year the 280m Soviet population consumed 308m gallons of vodka and other spirits. Cheap wine consumption, a favourite of Soviet heavy drinkers, was down by 75 per cent but fruit juice production rose 40 per cent.

● A district official of the Soviet Communist Party was chosen by secret ballot in a contested election in a town in western Siberia, according to the Communist party daily Pravda.

The election is the first example of such elections which Mr Mikhail Gorbachev told a meeting of the Communist party central committee should become the norm. Until now, nomination from above has been unanimously endorsed by party committee voting by show of hands.

Pavda said the plenary meeting of the local party committee elected Mr Ivan Malkov over Mr Gennady Sedykh by 20 votes to 29 after "a heated and business-like discussion." Although Mr Malkov won the election, the report says that some speakers criticised him "for rudeness and arrogance."

Polish company sues in landmark case

By Christopher Bobinski in Warsaw

THE DIORA radio company, an important Polish electronics manufacturer, is to sue one of its suppliers for delivering components late.

The case could set an important precedent for industry. Missed delivery dates are endemic to the Polish economy and are usually covered by payments made under penalty clauses easily absorbed in company costs.

Producers are also at the mercy of usually monopolistic suppliers who at times fail to include penalty clauses or even sign formal agreements with their clients.

In this case, Diora which is situated in Dzierzionow in the south-west, is suing the Cemi works in Warsaw which produces electronics components. It is claiming losses of Zl968m (£2.8m) of Cemi's failure to deliver last month. Diora's management say they lost 14 per cent of last month's output and that 700 employees were made idle at one time or another as a result of the delays.

Mr Eugeniusz Nowak, the managing director, says his company is aiming to have rewritten the legal framework governing compensation for late deliveries.

Turk wins first ICC business prize

Mr Vehbi Koc, who has become the first ever winner of the International Chamber of Commerce business award is the founder of Turkey's largest and oldest industrial empire. He began his business life as a grocer during the First World War and laid the foundations of the Koc Group in the 1920s by becoming the local agent of Ford. His empire today spans the motor industry, white goods, textiles, electronics, banking and many other industries.

Debate rages in W Germany over registration of AIDS victims

BY DAVID MARSH IN BONN

RISING ANXIETY in West Germany, sometimes bordering on panic, about the disease AIDS is provoking a heated political debate over whether sufferers should be officially registered. Such a move would open the way towards discrimination against victims, and probably their isolation socially and at work.

Senior government ministers oppose the idea, not only on ethical and moral grounds, but because they believe it would drive the disease underground.

However, Mrs Rita Suessmuth, the Health and Family Minister, who is pushing through a controversial anti-AIDS advertising campaign, may have to bow to pressure for tougher measures if the spread of the disease continues to accelerate.

About 870 cases of acquired immune deficiency syndrome have been confirmed in West Germany, of which more than 400 have proved fatal so far. The Health Ministry estimates, however, that 50,000-100,000 people are infected

The exponential development of AIDS in the US, and its spread into the heterosexual population thought previously not to be at risk, has raised fears that 50,000 Germans could be suffering from the disease by 1990. In the US, it has so far mainly affected "risk" groups made up of homosexuals, haemophiliacs, drug-users and Haitians. But its alarming development in parts of the Third World and its well-publicised infection of heterosexuals, including children, has led to considerable public unease in West Germany.

The mass-circulation Bild newspaper, confirming its reputation for rapacious sensationalism, is running a lurid series on the disease this week, starting with the headline on Monday "Schoolchildren, housewives, soldiers, priests—everywhere AIDS."

The idea of registering people shown by blood tests to be carrying AIDS antibodies has been proposed by the Conservative Bavarian Christian Social Union (CSU), sister party of the dominant Christian Democratic Union (CDU), in the Bonn coalition.

The proposal was made originally by Mr Peter Gauweiler, state secretary in the Bavarian Interior Ministry. It has now become official CSU policy and has been suggested to the CDU during talks in Bonn over the past fortnight on forming a new government after last month's general election.

Some CSU politicians claim that registration could be made on a coded or anonymous basis. However, it is very unlikely that knowledge of a person's infection could be kept completely secret, and registration would confront the Government with highly complex problems of discrimination. This would start off with the most commonly afflicted people, prostitutes and homosexuals, but could also affect hundreds of thousands of ordinary people's lives in schools, factories, shops and offices.

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OVERSEAS NEWS

Du Plessis warns creditors not to demand too much

BY ANTHONY ROBINSON IN JOHANNESBURG

MR BAREND DU PLESSIS, the South African Finance Minister, yesterday warned foreign creditor banks that "we shall not allow ourselves to be committed to any unrealistic demands" in this year's forthcoming round of debt repayment negotiations.

Speaking at an investment conference organised by stockbrokers Frankel Kruger, Mr du Plessis added that "South Africa believes in a fair deal for all its creditors" and reiterated the country's interest in "maintaining established connections with the international financial community."

South Africa's existing debt agreement, under which it agreed to repay 5 per cent of the maturing portion of the $14bn of bank debt frozen by the September 1985 "debt standstill" arrangement, expires on June 30 and a further annual renewal is expected to be negotiated in April.

Creditor banks pressed for capital repayment in excess of 5 per cent in the 1987-88 period when the South African Standstill Co-ordinating Committee negotiators led by Mr Chris Stals, director general of finance, held preliminary meetings with bankers in January. The US banks in particular are understood to have pressed for larger repayments in view of the higher gold price and strong current account surplus.

But, as Mr du Plessis made clear in his mildly expansionary mini-budget presented on Monday, debt repayment is considered as a residual item after provision has been made for faster domestic economic growth and the building up of depleted gold and currency reserves.

The point was reinforced at yesterday's conference by Dr Gerhard de Kock, governor of the Reserve Bank. The current account surplus rose from R5.9bn (£900m) in 1985 to over R7bn in 1986, and at an annually adjusted rate of no less than R12bn in the last quarter, he said. Provided the gold price remains above $400 per ounce he predicted a further surplus of between R4bn and R5bn for 1987, even if GDP rises at the projected 3 per cent.

Despite the repayment of "more than $3.5bn in foreign debt since the end of 1984" (calculated at the current exchange rate of 48 US cents to the rand) South Africa has still been able to replenish its reserves.

Thanks to a R1bn increase in January alone the Reserve Bank's gold and foreign exchange holdings rose from R3.6bn at end June 1986 to R5.5bn at end January. When added to the R700m of reserves held by the banking sector, this brought total reserves at end January to R6.2bn, or $3bn.

Despite the healthier reserve position, however, South Africa is faced with further repayments to the IMF and other official creditors outside the "standstill net" before provision is made for any further repayment to bank creditors.

Israel raises short-term interest rates

By Andrew Whitley in Jerusalem

THE BANK of Israel has raised short-term interest rates by 1 per cent a month, in a bid to slash consumer credit.

The central bank said the move was temporary, prompted by a spate of retail price rises following last month's 10 per cent devaluation of the Shekel. Considerable concern has been expressed at unabated consumer spending.

The increase in the Bank's discount rate will raise the cost of overdrafts and other short-term credit by more than 50 per cent.

Bank Leumi, the leading commercial bank, responded immediately by announcing that its primate rate would rise from 19 to 30 per cent a year. The other major banks are expected to follow suit.

Faced with a resurgence of inflation, at present averaging about 1.5 per cent a month, the Treasury and Bank of Israel are applying a tight squeeze to short-term borrowing, while coaxing down longer rates.

While they may understand the authorities' logic, Israeli industrialists are certain to be dismayed by this second recent blow. Last month, industrial fuel prices were raised nearly 20 per cent.

● Bank Leumi is expected shortly to announce a replacement for Mr Mordechai Einhorn, its chief executive, who stepped down last week. Tipped to takeover is Mr Zadik Bino, chairman of First International Bank of Israel.

Egypt fights for children's lives

Tony Walker in Cairo reports on a health programme which is meeting success in the struggle to lower Egypt's high infant mortality rate

MADIHA, who is in her early twenties, has four children and is pregnant again. She carried in her arms her listless seven-month-old daughter who suffered from the most debilitating disease among infants in Egypt – diarrhoea.

Madiha had brought her child to the oral rehydration unit at the Abu Reish pediatric hospital in a bustling Cairo suburb for treatment, one of thousands of mothers each year who seek help when simple diarrhoea turns into something more serious and potentially lethal.

Until recently, more than 130,000 children in Egypt under two years old died of life-sapping diarrhoea annually. It accounted for 55 per cent of all infant deaths.

Madiha's daughter, Doaa, if she had fallen sick with gastric problems just two years ago, was in mortal danger. Now, thanks to oral rehydration therapy, the incidence of infant mortality in Egypt has been arrested and is declining.

Dr Maha Abou Zekry, who is in charge of the unit at Abu Reish, said that Doaa would soon return to health after simple treatment with a special preparation that includes salt and a sugar substitute.

The application of oral rehydration salts (ORS) to chronically sick Egyptian children with diarrhoeal diseases has been described by the British Medical Journal as perhaps "the world's most successful health programme."

Part of the credit for the programme should go to the United Nations children's fund, Unicef, which helped launch in 1983 the successful campaign against Egypt's number one killer which sruck children from poor families who paid too little attention to personal hygiene and to basic cleanliness when preparing food.

Mr Lannert, Unicef's representative in Egypt, said a massive publicity campaign, mainly through television which reaches about 90 per cent of Egyptians, had achieved remarkable results. Awareness among mothers of the simple treatment increased from 3 per cent in 1983 to around 96 per cent today.

The Egyptian Government, with help from Unicef which spends about $3m annually in Egypt, and the United States Agency for International Development co-operated in the mass campaign. "It has had a phenomenal impact on reducing death from dehydration," Mr Lannert said.

Dr Khaled Abdel Fattah, who is in charge of a unit at Abu Reish for the most severe cases of diarrhoea, says that once a child becomes badly dehydrated life can slip away very quickly, especially if it is malnourished.

Symptoms of extreme cases of diarrhoea include sunken eyes, shock, poor blood circulation, rapid deep breathing, convulsion and coma. Doctors treat this condition by intravenous feeding.

The worst months for the hard-pressed diarrhoeal diseases unit at the Abu Reish hospital are June to September, when the oppressive heat of summer hangs like a shroud over the city. Flies swarm in unsewered areas, contaminating food.

December is a relatively quiet month in the clinic. Still there was a crush of women with sick young children waiting outside the door for treatment.

Among the enemies of attempts by the Egyptian Government with assistance from organisations such as Unicef to curb the death rate among infants are poor standards of literacy and the tendency towards big families in Egypt, where 10 children are common.

Dr Zekry said simply that poor education standards made it difficult for health workers to publicise methods of protecting children from disease. Big families also meant that the mother could not give proper attention to each child.

Mr Lannert said Unicef was phasing out of the programme which was being integrated into the Egyptian health service. His organisation is now concentrating its efforts in part on publicity campaigns that will seek to persuade mothers to allow longer intervals between each child, but he acknowledged the difficulties.

"It's a long haul, to get basic behavioral changes in rural families takes time," he said. One of the enemies of cautious attempts by the Government, assisted by international agencies, to curb Egypt's population explosion is the religious trend.

Egypt's religious leaders, relying on the teachings of the Koran, are either actively or passively opposed to a rigorous birth control programme. The Government seems reluctant to press the issue.

Meanwhile, Egypt's infant mortality rate, despite the success of the programme, remains much higher than it should be, according to international health workers who say that the country's relatively well developed medical services should cope better than they do.

According to official figures, infant mortality (of children under one) per 1,000 live births is 76. UN figures put it at 93 per 1,000.

Other major causes of debilitating illness among children are tetanus and shistosomiasis. Tetanus develops often in babies born in unhygienic conditions where the umbilical chord is cut by an unsterilised knife or razor blade. Infection in the first week of life often leads to death.

Shistosomiasis is caused by snails that inhabit polluted canals and ponds in which children play or wash. The bacterial disease attacks the liver, causing acute listlessness. The discovery of the drug, praziquantal, has reduced the incidence of shistosomiasis among Egyptian children from 80 to 30 per cent, according to Mr Lannert.

One of Unicef's aims, and it is within reach of it, is to ensure that all Egyptian children are immunised against various killers in a programme that is taken for granted in the West. Egypt has set July, this year, the 35th anniversary of the Egyptian revolution, as the target date for achieving this. Mr Lannert is confident it can be achieved.

In the meantime, at the Abou Reish oral rehydration clinic, Drs Khaled and Kedry will be busy saving the lives of young and sometimes malnourished children on salaries of about $60 per month, less than many doctors in the West get paid in an hour.

"We love our work," Dr Khaled said, "and we feel very happy when we save the life of a baby."

Extremists kill son of Punjab police chief

Sikh extremists shot dead the son of a top Punjab police officer yesterday, inflaming a political crisis over the future of Mr Surjit Singh Barnala, the state's moderate Chief Minister, Reuter reports from New Delhi.

Two gunmen on a motorcycle killed Dr M. S. Mangat, son of Inspector General D. S. Mangat, of the Punjab Armed Police, as he drove to hospital in the town of Patiala. A passing cyclist was also killed, bringing the Punjab death toll this year to 85.

Punjab's political crisis entered a third day as Mr Barnala kept silent over a demand by the five high priests of his Sikh faith to clear himself of their charge that he is a "sinner" for defying their orders to resign from leadership of the ruling Akali Dal

Hong Kong negotiator

Mr Robin McLaren, Britain's ambassador in the Philippines, has been appointed head of the British side of the Sino-British joint liaison group, set up to settle detailed matters such as Hong Kong's trade relations and nationality before the territory returns to China in 1997, Kevin Hamlin reports from Hong Kong.

African rail link

Botswana is building a railway to by-pass the South African homeland of Bophuthatswana, whose insistence that all Botswanans must have visas threatens to close the route over which most of Botswana's trade passes, government officials said yesterday, Reuter reports from Gaberone.

Philippine clash leaves 14 dead

BY RICHARD GOURLAY IN MANILA

ELEVEN COMMUNIST rebels, a soldier and two civilians were killed yesterday in the first encounter between guerrillas and government troops since a ceasefire in the 18-year insurgency ended on Sunday, a military spokesman said.

The military report, which could not be confirmed with the rebels, said a company of the 17th Infantry Battalion was on a routine patrol when it ran into communist New People's Army guerrillas about 130 miles north of Manila in Nueva Ecija province.

Brig Gen Benjamin Cruz, the local military commander, sent helicopter gunships to the area after the fire fight to pursue the rebels, the military report said

Before the ceasefire came into effect on December 10 an average of eight peoples — civilians, military and rebels—were killed in fighting daily.

Clashes between the military and the rebels were confirmed by both sides towards the end of the 60-day ceasefire.

Peace talks during the ceasefire broke down in mid-January when the National Democratic Front—negotiating for the NPA rebels—and the Government accused each other of negotiating in bad faith.

NAKASONE MAY HAVE TO BACK-PEDAL

Japanese up in arms about VAT

BY CARLA RAPOPORT IN TOKYO

IN GENERAL, the Japanese are not big complainers. But Prime Minister Yasuhiro Nakasone's proposed sales tax is turning complaining into a new art in Japan.

"Value-added tax (VAT) is like Aids, something that could kill the whole country," says Mr Shinizu Nobotsugu, president of the Japan Chain Store Association. "As long as this proposal lasts, the politicians get no contributions from us," says the Japan Department Store Association.

The complaints from consumers and businessmen up and down the country are reaching such a crescendo that some are now predicting that Mr Nakasone may have to back-pedal on his proposal. Even his own Liberal Democratic Party members are now openly opposing the tax. Diet deliberations have come to a complete halt with the LDP and the opposition at loggerheads on the issue.

So far, the Premier is standing firm, saying that he expected the nation would "have an allergy" to Vat. But if he does have to modify the proposal, it would cause more than a loss of face. It could cause even more storms because VAT its the glue holding together both his budget and his plan to cut income taxes.

The issue is a delicate one for the Prime Minister. He campaigned last year on the promise that he would not introduce VAT. In the meantime, however, he had to find a way to juggle some stimulative spending measures into a budget which freezes overall government expenditure. His tax reform bill, which offers income tax cuts worth about Y2,700bn (£11.7bn), as well as a phased reduction in corporate taxes, seemed to offer the solution.

This bill, finally approved by the ruling party's tax commission late last year, proposes 5 per cent VAT on most goods and services from January 1988.

Detractors had hoped for a phased-in introduction of the tax, for more exemptions, or no tax at all. Even though companies with less than Y100m a year in sales will be VAT-free, the groundswell of opinion remains very much against the new tax.

For example, in a letter to Mr Nakasone, a federation representing 8,700 manufacturers and distributors of textiles and household goods warned that they would withdraw from the LDP unless the proposal tax was dropped. Some estimate that as many as 20m LDP voters employed in the distribution industry are turning against their party.

Their main weapon at the moment, aside from marches and banners, is the local elections in April. Although these elections are for local positions, it is primarily at the local level that the LDP had maintained its long-standing support as Japan's ruling party. A big win by opposition parties at the local level could be an embarrassment to the party and to Mr Nakasone, who has already hinted that he would not mind extending his tenure beyond this year.

AMERICAN NEWS

Peter Marsh on proposals for a network of 1,000 armed satellites

Star Wars theory gathers speed

A NETWORK of 1,000 satellites — armed to the teeth with rockets to shoot down Soviet warheads and each smart enough to dodge any projectiles fired in their direction — could be the centrepiece of a Star Wars defensive shield that might be ready by 1995.

This is the theory of the George C. Marshall Institute, a private Washington foundation which is a leading proponent of installing a Star Wars system by the early 1990s, five to 10 years ahead of schedule. With the capability to destroy warheads before they reach their targets the system could, so Star Wars advocates hope, deter the USSR from launching a nuclear strike on the US.

In recent weeks, the group's theories have gained the support of some members of President Ronald Reagan's Administration, chiefly Mr Caspar Weinberger, the Defence Secretary. This has led to reports that the US may speed up plans to deploy a Star Wars system, a move which would almost certainly mean rewriting the 1972 Anti Ballistic Missile Treaty which sets limits on development of such systems by the superpowers.

The proposals of the institute, whose president, Dr Robert Jastrow, is a prominent Star Wars proponent, fit in with optimistic projections by some of the scientists working on Star Wars. The body in charge of the $26bn research programme is the Strategic Defence Initiative (SDI) Organisation, part of the Pentagon.

Dr Allan Mense, acting chief scientist of the organisation, said recently in London that the feasibility of Star Wars was "no longer in question." He said that, three years into the programme, research results were better than had been expected, although he declined to say when he thought the system could be deployed.

The proposals for speeding up SDI have also encountered flak, on both political and technical grounds. Congressman George Brown, a leading Democrat from California, said the talk about early deployment of Star Wars was "the dying gasp" of the Reagan Administration.

Professor Ashton Carter, a physicist from Harvard University who is a leading critic of Star Wars, called the Marshall Institute's ideas "bafflingly vague." He said the Marshall satellites in the group's proposals would be easy to destroy using, for example, "space mines" — small explosive devices that the USSR could place in orbit relatively cheaply.

Professor John Logsdon, a space-technology expert at George Washington University in Washington, questioned how the US, given its problems in lifting objects into space, could, in only a few years, launch the 1,000 satellites which feature in the Marshall proposals.

According to Dr Jastow, a well-known astronomer who formerly worked for the National Aeronautics and Space Administration, the defensive shield could be built in stages from 1992. It would be based entirely on conventional interceptors, chemically-powered rockets, fired either from the satellites or from ground silos.

The system, says Dr Jastrow, would be effective from 1995, at a cost of $54bn. At this point it would be about a quarter complete. The finished shield would be in place by the year 2000, adding a further $67bn to the cost.

Dr Jastrow says that, by 1995, the system would be likely to destroy 56 per cent of incoming warheads. This assumes that the USSR fires all 1,200 missiles in its land-based silos, together with missiles from submarines. By 2000, with a more effective system, the "kill rate" would increase, to 93 per cent.

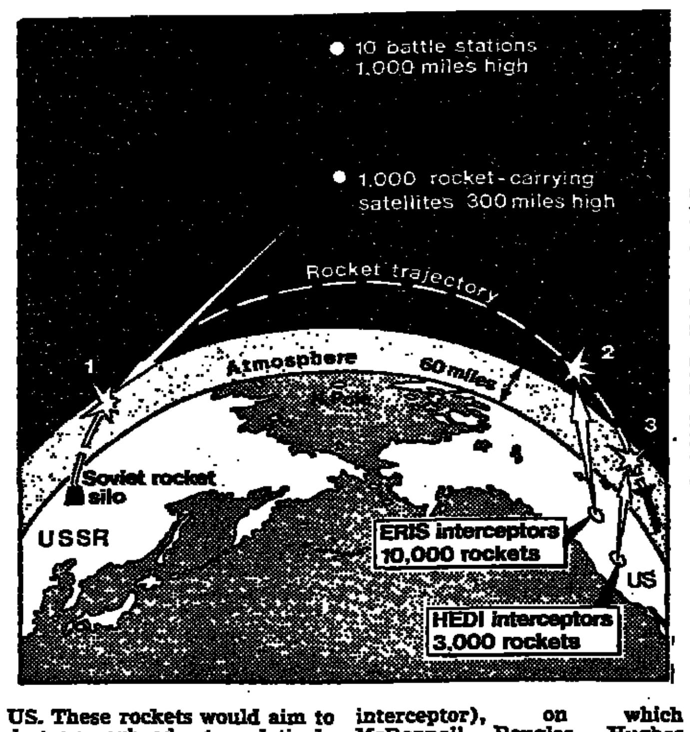
The system's less than perfect operation would be irrelevant to its success, according to Dr Jastrow, whose work with Nasa involved him advising on the moon landings in 1969-72. He argues that the very existence of the system would make the Soviet Union doubtful about the results of launching a nuclear strike, thus enhancing deterrence.

The 1,000 satellites in the Marshall proposals — which would circle the globe at an altitude of about 300 miles over the north and south poles —would each contain five to 10 small rockets. The projectiles, fitted with devices to home in on the hot exhausts of Soviet missiles, would shoot down enemy warheads in the early stages of their ascent.

According to the institute, the satellites would have their own motors so they could manoeuvre away from any missiles fired in their direction. The satellites could even act in self-defence, firing off a rocket salvo

The 1,000 satellites, each weighing about 1.3 tons, would receive instructions from a series of 10 battle-control vehicles in higher orbits about 1,000 miles above the Earth. These craft would have sensors to monitor the trajectories of Soviet missiles.

Supplementing the space-based projectiles would be two networks of ground-based rockets, totalling 13,000 missiles, scattered in silos around the US. These rockets would aim to destroy warheads at a relatively late point in their trajectories, either as they are about to re-enter the atmosphere above the US or soon afterwards.



All three elements of the Marshall plan are under study as part of the official SDI research programme. In particular, the ground-based part of the strategy is relatively well advanced. The two systems of rockets would be based on Hedi (High endoatmospheric defence interceptor), on which McDonnell Douglas, Hughes Aircraft and Aerojet are working, and Eris (Exoatmospheric re-entry-vehicle interceptor subsystem), a programme in which Lockheed is the main contractor.

The space-based part of the Marshall group's proposals are related to Porcupine, a system of rocket-carrying satellites on which Rockwell, Hughes Aircraft, TRW and Martin Marietta are working.

Fears grow that Brazil is headed for recession

BY IVO DAWNAY IN RIO DE JANEIRO

FEARS are growing in Brazil that the country's economic drift is leading inevitably to recession in 1987 as the first indicators of a downturn have begun to emerge.

Yesterday, FIESP, the Sao Paulo Industralists' Federation, reported a small increase in unemployment in the state, while retailers are claiming a sharp fall off in sales.

After months of overheated consumption, the public appears to be returning to saving lured by annualised interest rates on certificates of bank deposits that soared on Monday by 100 per cent to over 830 per cent.

The surge was in part provoked by the central bank's decision to lift the monthly average rate of the LBC, its main financial instrument, from 23.4 to 27.31 per cent, suggesting an inflation rate of about 16 per cent in January.

Authoritative reports claim the government is now bracing itself for February inflation of between 25 and 29 per cent.

The stock markets responded to the interest rate surge with sharp falls. The key Sao Paulo Bovespa index registered a drop of 9.2 per cent to 5,706 points—the largest decline in a single day for 15 months. At the same time, the central bank confirmed reports that foreign capital is deserting Brazil.

Last year, some $623m in foreign risk capital left the country, though it is pointed out that some of this could be attributed to the changes in US tax laws.

Continuing price adjustments presage a serious increase in inflation over the coming months. Yesterday, the Government issued a new table of prices for 61 products with rises averaging 25 per cent. Its impact is forecast to be some 8 per cent on the consumer price index over the coming two months.

The Administration of President Jose Sarney has repeatedly attacked industry for failing to give full support to the now all but defunct price freeze but prolonged negotiations to remove the wage rise trigger—tripped each time inflation rises 20 per cent—have come to nothing and union militancy is rising.

To add to the uncertainty, it has now been all but confirmed that President Sarney will reshuffle his ministers on March 15. With the new Congress now concentrated heavily on its role as formulator of a new constitution, Mr Sarney's efforts to reach a political consensus on how to adjust the economy are bogged down.

Few believe that target growth for the year of 7 per cent is either attainable or desirable.

Canadian import surge eats into trade surplus

BY BERNARD SIMON IN TORONTO

A SURGE in imports pushed Canada's trade surplus last year to its lowest level since 1982, according to figures published yesterday by Statistics Canada.

The 1986 surplus was C$9.6bn (£4.8bn) compared with C$17.5bn the previous year. Exports rose fractionally to C$121.1bn, while imports were 8.5 per cent higher at C$111.5bn.

Falling oil, gas and coal prices were the key reason for the weak export performance. Sales of all other major commodity groups rose last year, but energy export values tumbled by C$5.2bn.

Import growth was spurred by heavier purchases of machinery, industrial goods and automotive products.

Bank of Nova Scotia estimates that the poorer trade performance has turned the overall current account of the balance of payments from a position of rough equilibrium in 1985 to a C$10bn deficit last year.

The bank expects the trade surplus to be roughly the same this year, but the current deficit to grow to around C$13bn.

Slowing domestic business activity is expected to dampen 1987 import growth. According to Statistics Canada, the trade surplus rose by C$105m last December (compared to November), as a result of lower imports from the US, especially automotive products.

McFarlane in suicide attempt

POLICE have concluded that Mr Robert McFarlane, the former presidential adviser whose mission to Tehran was at the heart of US arms shipments to Iran, tried to take his life with an overdose of tranquilizers, a police source said yesterday, AP reports from Washington.

Mr McFarlane, 49, remained hospitalized yesterday at Bethesda naval medical center

He was taken to the hospital near his home in suburban Maryland after he swallowed 25 to 30 valium pills, said Detective Lauren Acquaviva of the Montgomery county police department.

Police would not discuss the case, but a source close to the investigation, who spoke on condition of anonymity, said detectives had concluded that the overdose was a suicide attempt.

Gulf war arms inquiry ordered

BY LIONEL BARBER IN WASHINGTON

THE JOINT chiefs of staff in the US, who were not informed of President Reagan's decision to secretly sell arms to Iran, have ordered a probe into whether the American weapons are playing a significant role in the Iran-Iraq war.

President Reagan has said that only a minimal amount of weapons were shipped to Iran between 1985 and 1986, enough in his words last November to fit into one single aeroplane. But extensive reports in the US Press and a Senate inquiry have revealed that over an 18 month period several shipments of arms took place, including US made Tow anti-tank missiles and spare parts for Hawk anti-aircraft missiles.

In recent weeks, reports from the war-front have suggested that the Iranians have been using the Hawk missiles to great effect, downing around 40 Iraqi aircraft. If correct, this would be a severe blow to the Iraqis since their air force is the main strike weapon in the war.

Vice Admiral William Crowe, chairman of the US joint chiefs of staff, announced the arms probe yesterday. He said that there were no indications that the US weapons were decisively affecting the course of the Gulf war. But he cautioned that it was too early to give a firm view. "You have to look at it over a period of time," he said.

State Department officials acknowledge that the arms sales to Iran have badly damaged US relations with Iraq, re-established in 1985 after an 18-year break. "There is a lot of frustration and anger out there," said one official.

The US has also been concerned by recent Iranian advances in the war around Basra and sought to identify Iran as the aggressor and main obstacle to Iraqi proposals for a ceasefire.

Admiral Crowe said the controversy over US arms shipments to Iran had had one beneficial effect: a significant increase in the level of consultation between the White House and the joint chiefs.

Admiral Crowe, who was not consulted fully about President Reagan's far reaching arms control proposals to Mr Mikhail Gorbachev, the Soviet leader, in Reykjavik last year, said: "I'm being consulted quite a bit now about a lot of things."

Concern in Argentina over sharp inflation rise

BY TIM COONE IN BUENOS AIRES

THE Argentine inflation rate showed another disconcerting jump during January, according to official statistics

Retail prices rose 7.6 per cent in one month, producing surprise and concern at the highest level of Government, said Mr Juan Sourouille, Economy Minister.

Serious concern over a possible collapse of the Government's economic stabilisation plan—the so-called Austral Plan —was triggered last year when the monthly inflation rate touched 7-8 per cent a month between July and September.

Mr Sourouille was at pains to calm worries in the local financial markets, saying the sudden jump was only a temporary one, that it would not affect the foreign debt negotiations—due to begin with the commercial banks this week

Publication of the figures for January provides an inauspicious start to the year, in which Argentina agreed with the International Monetary Fund to obtain a new standby loan to keep the average monthly inflation rate down to 3 per cent

WORLD TRADE NEWS

Tornado group urges technology pact with Japan

BY LYNTON McLAIN

PANAVIA AIRCRAFT, the three-nation military aircraft consortium, has asked the West German, Italian and UK Governments to seek an agreement with Japan for the exchange of military technology.

Panavia sees such an agreement as essential if its attempts to sell its Tornado fighter-bomber to Japan are to succeed.

Only the US has an agreement with Japan for the exchange of military technology. Panavia — which comprises British Aerospace, Aeritalia of Italy and Messerschmitt-Bolkow-Blohm of West Germany — says this puts the US in a favourable position for the sale of military hardware sales to Japan, especially where joint manufacturing arrangements are involved.

The West German, Italian and UK Governments have expressed their willingness to approach the Japanese over the development of a suitable agreement, according to Panavia.

The UK Defence Sales Organisation, part of the Ministry of Defence, said yesterday that Panavia had been in touch over the sale of the Tornado to Japan, but it would not confirm that an approach had been made about an agreement to share military technology.

The consortium is waiting for a response from the Japanese after a lengthy sales campaign for the Tornado.

The Japanese Air Self Defence Force requires a close support fighter to replace the Japanese designed and built Mitsubishi F1.

In 1984 Japan selected three potential foreign competitors, the Panavia Tornado and the UE General Dynamics F16 and McDonnell Douglas F18 aircraft.

The air defence force has authorisation to buy 24 fighter support aircraft in 1987-88, but no money has been budgeted for the purchase. Panavia is working on the assumption that Japan needs between 120 and 170 such aircraft.

Panavia says that Japan appears to have three options: to design a new aircraft in Japan; to buy foreign aircraft, or to update existing aircraft.

The consortium is prepared to work with the Japanese to develop a version of the Tornado specifically for the Japanese.

Delegates to Gatt seek improved information flow

BY WILLIAM DULLFORCE IN GENEVA

BETTER information on import tariffs and trade flows is needed from the 92 members of the General Agreement on Tariffs and Trade (Gatt) before further substantial cuts can be negotiated in tariff levels, delegates to the first formal session of the Uruguay Round agreed yesterday.

The Gatt secretariat will start work on improving the data base before the next meeting of the negotiating group on tariffs on April 27.

One of 14 groups in which delegates will seek to liberalise world trade over the next four years, the tariffs meeting, was followed in the afternoon by the first session of the group examining how to reduce non-tariff barriers.

Among the opening shots fired yesterday by the 57 countries attending the tariffs group was a suggestion that all current tariffs below the 5 per cent level could be dropped forthwith. Exchange rate fluctuations were rendering these low tariffs irrelevant, it was argued.

An attack on tariff peaks, aiming at cutting to an agreed maximum level the very high tariffs imposed by some countries on specific imports, was another proposal. An indecisive discussion took place on whether tariff reductions would be more easily effected through bilateral trade-offs or by agreeing to a formula for an across-the-board cut in a large number of tariffs.

Delegates are so far only staking out their starting positions in what promises to be a complex technical negotiation over tariffs.

Demag in distribution deal with Volvo BM

By Nick Garnett

DEMAG of West Germany is to sell its hydraulic excavators through the UK dealership of Volvo BM, the Volvo group's construction machinery arm. The move is the latest of a series of distribution agreements among struction equipment makers.

Volvo BM and Demag are understood to be discussing similar arrangements in other markets.

VME, the construction equipment group formed some years ago between Clark Equipment of the US and Volvo—and of which Volvo BM is a part—has a broad equipment range. But this range, which is sold by Volvo BM in the UK, does not include an excavator.

Demag will supply to Volvo BM its 40 to 500 tonne excavators, which will retain the Demag name. The market for such equipment in the UK is about 100 to 150 units a year. Demag has 5 per cent of this market, but Volvo BM said yesterday that it aimed to raise this to between 10 and 15 per cent.

Acquiring particular types of construction machinery to plug gaps in a product range is one reason behind the series of joint distribution and manufacturing ventures signed in the past year between construction equipment manufacturers.

Fiatallis is setting up a joint manufacturing venture with Hitachi to make up to 3,000 Hitachi-designed excavators a year at a new plant near Turin, in a deal which includes wide-ranging distribution arrangements.

Caterpillar of the US and Mitsubishi announced last year that they were merging their hydraulic excavator lines in a joint manufacturing and distribution venture in Japan.

Orenstein and Koppel of West Germany bought Faun, another German construction equipment maker, last year and is merging their distribution systems.

Komatsu is to begin purchasing Norwegian-made Moxy articulated dump trucks from the Brown group of the UK, to be sold as Komatsu machinery. Komatsu is also marketing as Komatsu equipment vibratory rollers made by ABG of West Germany.

Louise Kehoe reports on the undeniable attractions of owning a West Coast vineyard

Californian wine draws foreign investors

GRAND Metropolitan's $1.2bn acquisition of the Heublein wine and spirits susbidiary of RJR Nabisco last week catapulted the British company to the top of a growing list of foreign investors in California's wine industry.

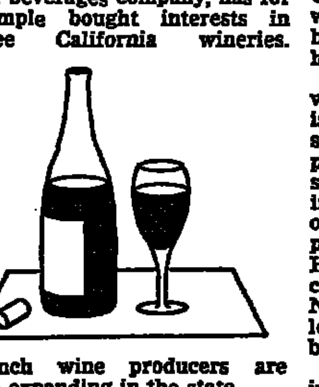
With its purchase of Heublein, Grand Met harvested a collection of wineries and vineyards that together represent an estimated 12 per cent of the state's annual wine production. As well as Heublein's Inglenook and Beaulieu labels, Grand Met also acquired the sizeable Almaden Winery, bought by Heublein just a week before the Grand Met purchase.

While Grand Met's acquisition of Heublein is widely seen as a defensive move to counter possible unwelcome takeover bids, the British company's investment is also the latest in a surge of foreign purchases in the state's growing wine industry.

Over 24 per cent of the state's wine production, measured in gallons shipped per year, is now in foreign ownership, according to Mr John Fisher, president of Fisher and Company, a San Francisco investment banking firm that specialises in the food and beverage industries.

"The rate of foreign investment in California wineries has increased dramatically over the past few years," he notes. While the largest new foreign owners of California wineries—Grand Met and Guinness—bought the wineries as part of larger transactions, there is a serious and growing interest in the California wine industry among European and Asian companies, he believes.

Several European wine and beverage producers have already put down roots in California. Nestlé, the Swiss foods and beverages company, has for example bought interests in three California wineries.



French wine producers are also expanding in the state.

The attractions of the California wine industry for European companies are two-fold, suggests Mr Jean-Michel Valette, a Fisher and Co partner. "The US wine market offers European wine makers opportunities for expansion," he suggests, "and the time is right because the exchange rate is favourable.

"The European wine market is stagnant, if not declining. In the major producing countries such as France, Italy and Spain there is little growth in either production or consumption. In contrast, the US market is growing. The California wine industry is emerging from a difficult period," says Mr Valette.

US consumption of premium wines is growing rapidly, he adds. "Depending upon how you define premium, the growth rate is 10 to 20 per cent." Production is also on the increase. California's small "boutique" wineries increased their output by about 14 per cent last year, he calculates.

The recent surge in new investment in the wine industry is also related to the limited supply of quality land in the prime wine producing regions, says Mr Valette. "European investors see the window of opportunity closing. They will pay a premium to get in now." He cites for example the purchase of extensive acreage in Napa Valley by a joint venture led by British brewer Whitbread.

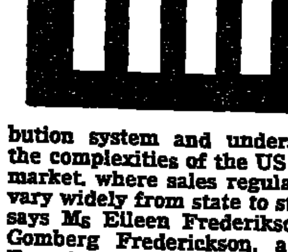
The Japanese are also showing interest in California wineries. "The Japanese emphasis on quality along with their developing palate for fine wines is drawing them to California," says Mr Fisher, who was instrumental in the recent sale of Ridge Vineyards to Otsuka Pharmaceuticals, a Japanese chemicals company which also owns a small winemaking operation in Japan.

Most of the foreign investors in California's premium wineries are experienced vintners, industry analysts point out. "One of the strengths of the California wine industry is its technology," suggests the San Francisco-based Wine Institute, a trade group representing US winemakers. "The European winemakers may be aiming to gain access to that technology," the institute's researchers suggest.

The sales of small California wineries to overseas buyers are, however, overshadowed by the recent acquisitions of some of the state's largest producers by Grand Met and by Guinness through its acquisition of Distillers.

These moves reflect a highly competitive and shrinking market for "standard" or "jug" wines in the US, say the analysts. This segment is dominated by E and J Gallo, the largest US wine producer, which is said to account for one out of every four glasses of wine drunk in the US.

Competing with Gallo has proved a punishing experience for even the largest beverage companies, foreign or domestic. "To be successful, a company must have an established distri-



bution system and understand the complexities of the US wine market, where sales regulations vary widely from state to state," says Ms Eileen Frederikson of Gomberg Frederickson, a San Francisco wine industry consultant. Grand Met is "the right kind of company," she suggests.

"Marketing and brand name development are key issues," adds Mr Fisher.

"The California wine business is becoming part of a global beverage market. We are going to see industry consolidation and the emergence of global beverage companies that offer a broad portfolio of brand names," he predicts.

INVESTMENT IN CALIFORNIAN VINEYARDS

Winery	Buyer	Seller	Year
Almaden	Grand Met	Heublein	1987
Ridge Vineyards	Otsuka Pharmaceutical	Ridge Vineyards	1986
Lamont	Anheuser-Busch	Labatt Brewing	1986
Conn Creek and Villa Mt Eden	US Tobacco	Conn Creek and Villa Mt Eden	1986
Souveraine	Nestlé	North Coast Cellars	1986
Summit Brand	The Wine Group	Geyser Peak	1985
California Cooler	Brown-Forman	California Cooler	1985
Chateau St Jean	Suntory International	Chateau St Jean	1984

Mexico finalises pipeline accord

BY TIM COONE IN BUENOS AIRES

A $475m contract to construct a 1,360 km gas pipeline in Argentina was finalised this week between the Argentine and Mexican governments.

The pipeline will bring natural gas from one of Argentina's biggest gasfields near the Andes mountains, to the petrochemical complex at the port of Bahia Blanca, then north to industrial and domestic consumers in Buenos Aires.

The contract has been under negotiation for the past 18 months and has aroused considerable controversy for not having been put out to either international or local tender.

Construction is to be entrusted to Mexican and Argentine contractors from both the state and private sectors.

The Mexican contractors, a consortium of five companies, will construct just under 500 km of the pipeline and are providing 37 per cent of the finance with government backing.

The finance package consists of a $142m loan over 11 years with a 2½-year grace-period and a fixed interest rate of 7½ per cent, and further commercial trade credits of up to $53m with a seven-year repayment period at 1¾ percentage points above Libor.

The Argentine part of the construction is to be financed by the Government with export and pre-export finance and through bonds to be placed on the local financial market.

The export financing is being justified as Argentina will repay the Mexican loans with industrial goods, including railway rolling stock, ships, fishing boats, machinery and other products still to be negotiated.

The Mexicans apparently want cereals and other food products included, although this is being resisted by Argentina as they comprise its principal hard-currency earners on the international market.

Argentina at present flares off almost 20 per cent of its gas production due to its lack of pipeline and industrial infrastructure to make adequate use of the gas.

Mr Jorge Lapena, Energy Minister, said the project was "one of the biggest in the world at present" and expected it would be completed by March 1988.

Argentina may ease terms of oil exploration contracts

BY TIM COONE

ARGENTINA may make significant changes to risk contracts in a bid to attract greater foreign interest in the country's oil development plans.

This follows a disappointing response to two oil licensing rounds and complaints from oil companies about the conditions imposed on them.

The decree establishing the basis for the contracts signed under the last two licensing rounds is to be reconsidered by a government commission, apparently to offer more favourable terms to foreign companies.

Under the Houston Plan launched in 1985, Argentina is to put 165 blocks on offer for exploration and development in five licensing rounds.

The 165 blocks cover most of Argentina's as yet unexplored sedimentary basins, and the plan is considered vital to the country's medium and long-term energy requirements.

So far 21 contracts have been agreed between foreign consortiums and YPF, the state oil company, in the first two licensing rounds, but none has yet been ratified by President Raul Alfonsin.

The oil companies have complained about conditions of payment and the right of YPF to take up to a 50 per cent share in any discoveries of commercial fields. The companies want payment either in hard currency or crude for their share of any extracted oil.

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UK NEWS

Teachers plan ballot on strike action

BY DAVID BRINDLE, LABOUR CORRESPONDENT

STATE SCHOOLS in England and Wales face renewed disruption after the two leading teachers' unions decided yesterday to resume strike action in their campaign against the Government's plans to impose a pay and conditions settlement on the profession.

The move follows the failure of the unions to win significant changes in the Teachers' Pay and Conditions Bill, which provides both for imposition and for abolition of direct negotiation of salaries and contract terms.

The National Union of Teachers and the National Association of Schoolmasters/Union of Women Teachers, which together represent almost two thirds of the 400,000-strong teaching force, are to conduct a joint ballot on a fresh programme of disruptive action.

The initial aim is to hold a half-day strike in every school in the week beginning March 9. But the unions are making it clear that this could be followed by further strikes or sanctions if the Government presses ahead with its plans.

Mr Fred Smithies, general secretary of the NAS/UWT, said: "We have been left with no alternative but to organise what could be a very long-running campaign of resistance."

Mr Kenneth Baker, Education Secretary plans to impose a pay settlement, likely to be worth 16.4 per cent over 15 months, and a tighter employment contract preventing teachers taking some of the more disruptive of non-strike sanctions they have used during the lengthy dispute over the pay and contract issues.

He said last night: "The (strike) threat is not what people expect of a profession. Parents will look to ordinary teachers to adopt a more sensible and responsible approach than some of their leaders are advocating."

Wider use of airwaves sought by ITV groups

By Raymond Snoddy

THE LEADERS of the British commercial television industry are to hold a top-level meeting with the independent production sector to try to find ways of increasing the access of independents to the air

The move is a response to statements by Mr Douglas Hurd, the Home Secretary, that he wants to see independent producers gain access to 25 per cent of Britain's four-channel television system within four years.

Mr David Shaw, general secretary of the Independent Television Companies Association (Itca), said yesterday the ITV system had taken the initiative to explore ways in which independent producers can gain meaningful access. But Mr Shaw warned: "Whatever we do, whatever they get as part of the cake, if it doesn't enrich the schedules there is no point."

The ITV companies clearly want to reach a voluntary agreement with the independent producers to avoid the danger of having a compulsory quota imposed

The 16 ITV companies are discussing the possibility of a transitional fund to encourage the creation of new independent production companies.

Manpower body's training 'may not be mending skill shortages'

BY CHARLES LEADBEATER, LABOUR STAFF

THE Manpower Services Commission does not know enough about the skills that industry needs, nor the skills of the unemployed, to be sure its training programmes are correcting skill shortages rather than adding to skills surpluses, according to a report published yesterday by the National Audit Office.

The findings of the report into the MSC's £249m Adult Training Strategy also raises questions over the effectiveness of the other training programmes run by the commission in reducing unemployment.

The NAO, which evaluates the effectiveness of public spending, says: "The MSC does not have the information which would enable it to be certain that training is not being provided in skills already in good supply or in surplus and available for use."

The commission urgently needs a system to gather comprehensive information on the supply of and demand for skills in local labour markets to avoid the risk of a considerable waste of resources.

Without a much improved skills balance sheet the MSC will not be able effectively to determine which programmes it should fund.

A planned computerised skills information system was shelved in 1985 after four years' development due to escalating costs. A replacement may be operational later this year.

The commission launched the ATS in 1984 in an attempt to focus training on skills shortages, following criticism that its predecessor, the Training Opportunities Programme, was not sufficiently geared to giving trainees the skills to gain employment.

The strategy promises to be more cost-effective than Tops, with higher rates of job placement for trainees, but it contains serious weaknesses, the NAO says.

The MSC's adult training programme was expanded from 110,000 places in 1983–84, to 250,000 places in 1986–87, without full evaluation of pilot schemes. The problems identified in the pilots are embedded in the full schemes and are yet to be corrected, the report says.

Eurotunnel chief to stand down

BY ANDREW TAYLOR

LORD PENNOCK yesterday confirmed that he intends to step down as British joint chairman of Eurotunnel, the Anglo-French Channel tunnel consortium.

His decision to step down had been expected following recent criticism from the Bank of England and in the Civil Service, which have made no secret of their view that a stronger, more dynamic chairman was required

Lord Pennock, 66, said last night in a prepared statement that he would not relinquish the post as co-chairman until a suitable successor could be found.

He said that other business commitments meant that he could no longer devote the time necessary to the job.

Lord Pennock, a main board director of Morgan Grenfell, the merchant bank, is closely involved with the reorganisation of the bank following the departure of its chief executive and head of corporate finance in the wake of the Guinness affair.

Criticism of Lord Pennock's role at the consortium dates back to last October when Eurotunnel struggled to raise £206m in an international share placing.

The Bank of England in particular has felt a change of leadership would be beneficial in the run-up to Eurotunnel's £750m international share sale planned for this summer.

Khoo loan agreed 7 days after Lloyds' bid for Standard

BY CLIVE WOLMAN

STANDARD CHARTERED, the London-based international bank, first told Tan Sri Khoo Teck Puat's National Bank of Brunei (NBB) that it was granting it a loan facility seven days after Lloyds Bank announced a proposed takeover bid for Standard in April last year.

Last week, Mr David Millar, Standard's executive director in charge of commercial banking said: "No fresh loan facilities were made available to the National Bank of Brunei during the entire time of the bid." He added that Standard had a long-term banking relationship with NBB.

Standard Chartered has consistently denied giving any form of inducement to Tan Sri Khoo, the Malaysian financier who controlled the National Bank, to help Standard block the Lloyds bid by buying a large share stake. Tan Sri Khoo was one of a group of Standard Chartered supporters who bought a combined shareholding of more than 30 per cent in the final days of the bid battle.

An inducement in the form of a loan, if it is outside the ordinary course of banking business, could be a breach of the Companies Act.

Lloyds Bank first approached Standard Chartered on the morning of April 4 with a takeover offer. An announcement of the £1.17bn offer was made that afternoon. On April 11, the NBB was informed that a loan facility of 20m Brunei dollars (£6m) would be granted to it. This followed a request for such a facility which dated back to the end of 1985 or early 1986, according to a letter written by Standard Chartered.

Standard Chartered made no other significant loans to NBB in the three years before the takeover bid although it made loans to other companies controlled by Tan Sri Khoo.

Last Wednesday, Standard Chartered's management decided to ask the Bank of England to appoint inspectors to investigate allegations about loans made to investors who supported it during the bid battle.

Standard Chartered declined to comment last night.

Labour rating slips in by-election survey

BY OUR POLITICAL EDITOR

THE BY-ELECTION at Greenwich, south-east London, on February 26 now appears to be a more open contest after a survey organised by BBC Television's Newsnight programme.

This shows a rise in support for the SDP-Liberal Alliance candidate over the past week, with Labour's rating falling back.

Labour is still shown in the lead at 43 per cent, but the Alliance has moved into a clear second place at 31 per cent, with the Tories at 25 per cent. The interviews were conducted last Sunday and compare with a full survey taken on February 3 which put Labour at 48 per cent, the Tories in second place at 26 per cent, and the Alliance third at 24 per cent.

The Alliance's seven-point gain is mainly the result of switching from Labour. When the by-election was called, it looked as though Labour would comfortably retain the seat.

LOSS

PROFIT BEFORE TAX

'86–£464m

'85–£253m

'84–£169m

'83–£91m

'82–£60m

'81–£50m

'80–£39m

'79–£31m

'78–£26m

'77–£24m

'76–£19m

'75–£12m

'74–£10m

'73–£8m

'72–£4m

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And that, surely, is enough to bring a smile to any shareholder's face.

H A N S O N T R U S T

A company from over here that's also doing rather well over there.

UK NEWS

Energy industry narrows choice on coal plants

BY MAURICE SAMUELSON

THE Central Electricity Generating Board (CEGB) is expected soon to announce progress on its search for sites of new coal-fired power stations to help to meet growing electricity demand in the 1990s.

After analysing the suitability of eight sites between East Anglia and the south-west, it plans to earmark some for closer study, involving investigation of soil conditions and other environmental and ecological factors.

With the Government yet to decide on the future of nuclear power, the CEGB insists that it does not know how many new coal-fired plants it will need or when it will start ordering them. However, with electricity sales rising faster than expected, it acknowledges that some new coal plants will be needed whatever the decision over new nuclear stations.

The coal plants will be brought on stream more rapidly than nuclear plants and will also supply more power – 1,800MW compared with the 1,200 MW of the proposed Sizewell PWR station on the east coast of England.

The coal burners would thus contribute a significant part of the 10,000 MW to 12,000 MW of additional capacity which the CEGB may need by the year 2000.

Although the lead sites for the CEGB's new coal stations will not be identified clearly by the end of the year, the search is expected to narrow in the next two or three weeks with a choice of sites for test drilling and other physical studies.

It is expected that at least two of them will be in the south where growing electricity demand is placing an increasing strain on the national grid. Among the favourites are Fawley on the Solent and Kingsnorth on the Thames Estuary.

Among possible Midlands sites is West Burton on the River Trent. Like Kingsnorth, it already houses a major coal-fired station while Fawley houses one of the CEGB's major oil-fired stations.

While the CEGB needs new power stations in the south – preferably on the coast – British Coal would probably prefer to see at least one more close to a major coalfield.

This could also be the preference of the Government if it wants to "reward" the members of the breakaway Union of Democratic Mineworkers for their refusal to support the 1984 miners' strike. West Burton is in UDM territory and has the added advantage of having previously achieved planning permission for a new coal-fired power station. But Fawley, too, could be supplied with coal from UDM pits.

British Coal would supply new coastal power stations by sea. But it would also have to compete with cheap foreign coal stocked on the Continent.

Other sites which the CEGB has been studying in recent months are Killingholme, Lincolnshire; Hams Hall, Midlands; Barking, on the Thames; Marchwood, near Southampton; and Innswork Point, an island near Plymouth.

Thorn unit cuts its workforce by 8%

By Terry Dodsworth

THORN EMI Electronics, the defence systems division of the Thorn EMI group, is cutting its workforce by almost 8 per cent in a rationalisation move which will effect five plants in the south of England.

The job losses will affect 550 workers out of a total of 7,140 in the defence group. The company said yesterday that they had been caused by a "slight" reduction in Ministry of Defence orders, combined with a general efficiency drive within the organisation.

Two plants at Feltham in Middlesex will be affected by the decision, along with another at the group's Middlesex facility at Hayes, a further factory at Woking in Surrey, and a fifth at Wells, Somerset. The company will be seeking the redundancies over a 90-day period.

Thorn's defence sector embraces a wide range of activities, including fuses for a variety of applications, work on the international MLRS 111 multiple-launch rocket system project, radar systems for the Navy and electro-optics equipment for air defence devices.

During the reconstruction of the group, which followed the severe profits downturn and management upheaval of 1985, the defence activities have also been reorganised. The company has been aiming to create larger businesses that would be stronger in overseas markets and better able to cope with the cuts in UK Government-funded defence projects.

Only a few days ago, the defence division was awarded a £12m UK Ministry of Defence contract for bomb fuses.

Banking Bill worries ruffle the City

BY DAVID LASCELLES, BANKING CORRESPONDENT

WOULD it be acceptable in Britain if a large Continental bank bought a UK merchant bank? Probably. And if a large US bank bought a UK clearing bank? Possibly. And if a Japanese bank bought a UK clearing bank? Doubtful.

This are the sorts of worries that are stirring in the City of London at the moment as the Banking Bill makes its way through parliament without any broad powers for the Bank of England to prevent undesirable bank takeovers.

Whether these worries – which are shared by the Bank – will actually lead to parliament agreeing an amendment to protect banks is still doubtful. The Tory Government remains opposed to creating powers to block bank takeovers on any but prudential grounds (where depositors would be threatened).

Mr Ian Stewart, the Economic Secretary to the Treasury, who is steering the bill through parliament has made only one concession; he will require anyone who buys more than 5 per cent of a bank to notify the Bank of England. But this amounts to very little; stakes of this size already have to be disclosed to the stock exchange, and the Bank would have no power to stop the buyer enlarging his stake until it reached 15 per cent.

When the Banking White Paper (policy document) came out over a year ago, it spoke of the need for the Bank of England to be given more explicit powers to approve changes in control of banks. But when the bill subsequently appeared, it narrowed the criteria for approval down to whether the acquirer was "a fit and proper person" who would not threaten the interests of depositors which some people think is not enough.

The issue has created an unusual identity of interest between the banking community, the Bank of England, Tory backbenchers and the Labour Party, all of whom believe for various reasons that the Government should be able to veto bank takeovers on national interest grounds. The Bank is worried about control of the UK monetary system slipping abroad, and bankers want to avoid foreign predators at a time of rising international takeover activity.

Right-wing MPs in parliament think British banks should remain British, and left-wing MPs believe Britain should retain control of all its important economic assets.

The House of Commons committee hearing the Banking Bill has considered a number of amendments to widen the Bank of England's powers of surveillance and veto. But it has rejected them. This now reduces the tactical openings for the pro-veto lobby. They can either have another crack at the report stage in the Commons or make a push when the bill reaches the Lords, where there are many banking peers.

The Treasury's position is that banks do not need any special protection, a position which stems largely from the mainstream Tory view that the UK banking system is not competitive enough and that free markets are preferable. Nor does the Treasury seem specially inclined to heed the Bank, whose status in Whitehall has declined since the Johnson Matthey affair and which is being careful not to lobby too hard.

In defence of its view, the Treasury says there are other ways of blocking bank takeovers. One is a reference to the Monopolies and Mergers Commission, which is how the Hongkong and Shanghai Bank was prevented from buying the Royal Bank of Scotland.

However, this does not satisfy the veto lobby because of the growing view that a monopolies reference should not be used to obstruct takeovers but should consider genuine matters of competition. And if a Japanese bank were to buy a British bank, the result would probably be an intensification of competition rather than the opposite.

The second is to halt a takeover on the grounds that reciprocal access does not exist for UK banks to the acquiring bank's home market. Again, the most frequently cited example is Japan, which foreign banks find exceedingly hard to crack. However, no legislation at present gives the UK authorities grounds to block acquisitions by foreigners of bank stakes on reciprocity grounds.

The whole debate about curbs on ownership of UK banks is overlaid by suggestions that UK banks are seeking special protection for themselves. There is probably some truth in that. But ironically, if the attempt to get a veto clause into the Banking Bill fails, banks could actually find themselves more exposed than other types of UK companies.

The 1975 Industry Act gives the Government the right to stop the acquisition of a manufacturing company on national interest grounds (though it has never been used). And the 1982 Insurance Companies Act gives the Trade Secretary the right to veto any change in control of an insurance company on somewhat wider grounds than are being proposed in the Banking Bill.

Portable TV sets spur record sales

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

MORE television sets were sold in Britain last year than ever before, mainly because of a surge in deliveries of small colour portables.

Preliminary figures from the British Radio and Electronic Equipment Manufacturers' Association (Breema) show that the six-year-old boom in sales of small-screen sets – televisions with 16-inch screens or under – gathered pace last year to send shipments soaring by 22 per cent.

Deliveries to the retail trade are estimated to have reached 1.92m units against 1.58m in 1985, considerably in excess of the previous record of 1.62m units set in 1984.

Total television sales, as measured by manufacturers' deliveries to retailers, are estimated at 3.9m in 1986, an 11 per cent increase on the 3.5m units sold in 1985. The previous record was achieved in 1984, when television sales reached 3.57m units.

Breema attributes the strength of the market last year to the buoyancy of demand for all kinds of consumer electrical goods. The current popularity of small-screen portables dates back to 1980 when the market began to grow rapidly with the increasing use of second or even third televisions. Sales in 1979 amounted to only 380,000 units.

Video cassette recorder (VCR) deliveries were also extremely vigorous last year, rising by 33 per cent to 2.2m units from 1.66m, and coming within a whisker of breaking the annual record of 2.24m set in 1982.

According to Breema, 49 per cent of all UK households now have a VCR. Sales, it says, are currently being driven by cheaper models as lower-income families are attracted into the market. Products retailing at under £350 accounted for over a third and at under £400 for over three quarters of sales in the third quarter.

The UK's trade position in consumer electronics, while remaining heavily in deficit, appears to be improving because of the decline in sterling, Breema says. In televisions, about 1.5m of the total delivered in the British market were imports last year, measured either as complete sets of large sub-assemblies exported to UK final assembly plants. Exports by UK producers amounted to about 500,000 units.

Whitehall may direct Aids research plans

by Richard Evans

THE GOVERNMENT is considering directing research into the Aids virus much more positively than at present in an attempt to speed the finding of a cure.

Mr Norman Fowler, Social Services Secretary, and Mr Tony Newton, Health Minister, are having talks with the Medical Research Council (MRC) to see how feasible more central direction of government scientists' research would be.

Sir James Gowans, MRC secretary, said yesterday that the aim was to develop an Aids vaccine and to find ways of killing the virus in infected patients.

"The work would go on throughout the UK involving many laboratories and many workers. There are lots of candidate vaccines to be tried – it is a huge task," he said.

The MRC programme was put to the Government in December, and an announcement giving the go-ahead is expected soon. About £3m will be needed in the first year, rising rapidly after that.

At present scientists put up proposals to the MRC before they receive a research grant, and the research is fragmented. The alternative under consideration would be for the MRC to put forward its own ideas to co-ordinate research.

The change in tactics is under consideration as the number of notified Aids cases continues to mount. The total in January rose by a record 78 in the UK to 686.

Bridge plan abandoned

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

A £12m scheme to build a railway bridge across the Dornoch Firth on the far north-east coast of Scotland was abandoned yesterday when Mr Malcolm Rifkind, Scottish Secretary, said the Government would not help to finance it.

The scheme was to build a railway bridge alongside the planned new road bridge across the Dornoch Firth on the A9.

British Rail fears that without a rail link alongside the road bridge the railway from Wick and Thurso in Caithness to Inverness will lose 20 per cent of its traffic since the line makes a loop of more than 30 miles at this point

But British Rail said that the project, which would have involved building 15 miles of new track and possibly closing the Lairg loop, did not meet its own investment criteria.

BAe to refit BAC 1-11 airliners

By Lynton McLain

BRITISH AEROSPACE has reached an agreement with the Dee Howard company of San Antonio, Texas, for the US company to refit all series of the BAC 1-11 airliners with the Rolls-Royce Tay engine, in place of the RR Spey engines originally fitted to the aircraft.

The agreement could lead to BAC 1-11 aircraft, which ceased production in the UK 10 years ago, having a new lease of life. The refitted BAC 1-11 airliners could compete with the much more recent British Aerospace 146 airliner in world markets if airlines with the BAC 1-11 chose to refit their fleet rather than buy new airliners such as the 146.

The Tay engines are fitted already to Europe's latest airliner, the 100-seat Dutch Fokker F100, which is competing in a similar market to the 100 seat BAe 146.

The Tay engine is about 15 per cent more efficient in its use of fuel than the Spey engine, and airlines with BAC 1-11 fleets believe this greater fuel efficiency could increase the range of their airliners by as much as a quarter.

British Aerospace said yesterday that 236 BAC 1-11 airliners were made at their former factory at Hurn, Hampshire. The airliner is still made under licence by the Romanian Rombac aircraft company, but so far British Aerospace has not agreed to the Romanian company refitting its aircraft with the Tay, in view of the possible threat to sales of current BAe aircraft that such a change could bring.

BAe signed a refitting agreement with Dee Howard in February last year, but this only covered the conversion of BAC 1-11 aircraft for corporate and executive use. The latest agreement extends this to all airliner versions of the BAC 1-11.

● Egdley Aircraft, the company that developed the Optica light observation aircraft before going into receivership in October 1985, was compulsorily liquidated yesterday after petitions by some of the company's creditors.

The liquidation was at a meeting of creditors of Edgley Aircraft in Bournemouth, which had been called by some creditors who wanted to lodge claims for the relief and repayment of value-added tax on bad debts of Edgley Aircraft.

Minister orders Caterpillar closure report

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

MR IAN LANG, the Scottish Industry Minister, has asked his officials to make a detailed study of the Caterpillar tractor plant at Uddingston, near Glasgow, as a prelude to what could become an effort to market it to potential users in Britain and abroad.

The US multinational said early last month that it would close the plant within 15 months, only three months after it had announced a £62m investment plan for it. The closure announcement brought a furious reaction from Mr Malcolm Rifkind, the Scottish Secretary, and the 1,200 workforce at the plant began an occupation that is still going on.

Mr Lang's statement made clear that the Government has still not abandoned all hope that the company might change its mind about the future of the plant.

But he wants officials to talk to both the local management of Caterpillar, which is operating from a hotel in Glasgow, and to the workforce to draw up a detailed profile of the facility, including the skills available in the workforce.

Locate in Scotland, a joint operation of the Scottish Office's industry department and the Scottish Development Agency, will undertake the promotion of the plant.

If Caterpillar stands by its decision to close the plant, the Government would prefer another earth-moving equipment manufacturer to take it over. But the chances of another manufacturer moving in are thought to be slim, and anyway unlikely to be acceptable to Caterpillar.

Attention would then turn to finding a company interested in carrying out another type of manufacturing at the facility.

Yesterday Mr Ken Gillen, one of the leaders of the workers' occupation, said that the workforce was prepared to talk to anyone about the possibility of maintaining employment at the plant. But their first priority was to get Caterpillar to reverse the closure decision.

Extra £100m sought to finance DBS project

BY RAYMOND SNODDY

BRITISH Satellite Broadcasting (BSB) plans to raise an extra £100m in contingency funds on top of the capital requirement of £500m needed for the UK direct broadcasting by satellite project (DBS).

Information documents being sent out yesterday to potential investors made it clear that BSB was seeking a total commitment of £600m rather than the £500m figure previously used in public.

"We are providing contingency finance because we are prudent people," Mr David Verey, deputy chief executive of Lazard Brothers, one of the banks acting as financial advisers, said yesterday.

Mr Verey stressed that the base capital requirement was £500m, a sum that would be raised over time and in two rounds and that the extra £100m was not expected to be drawn.

BSB would know its capital needs much more precisely by the time the service was actually launched in 1990.

BSB was awarded a 15-year franchise by the Independent Broadcasting Authority in December to provide three new national channels of television funded by a mixture of advertising and subscription.

Documents on the project were being sent to between 30 and 40 organisations which have expressed interest, and talks with some of them are expected to begin later this week.

The founder shareholders of BSB-Granada, Pearson (publishers of the Financial Times), Virgin, Amstrad Consumer Electronics and Anglia Television have committed themselves to invest £80m. The consortium is now seeking to raise an additional £120m by April to complete the first round funding and allow contracts for two DBS satellites to be placed.

Shareholders joining the project now will have the right to take part in second-round financing of £400m to finance programme and operating costs. The founding shareholders will, however, have voting control of the company.

'No Labour timetable' on removal of bases

By Robert Mauthner

A LABOUR government would not set a time-limit on the withdrawal of US nuclear bases from Britain – one of the key elements of the party's non-nuclear defence policy – and would not present Washington with an ultimatum, Mr Denis Healey, the shadow Defence Secretary, said yesterday.

At the same time, a Labour government would expect to conclude negotiations with the US and other Nato allies on the removal of the bases before the normal five-year term of government had expired.

Mr Healey was addressing a meeting at the Royal Institute of International Affairs in London.

Though he stressed that such a gradualist approach in no way altered his party's final objective of getting rid of the American bases, Mr Healey said nothing would be done without full consultation with Britain's allies, particularly the US.

The aim would be to disrupt Nato as little as possible and to preserve the alliance's unity.

Mr Healey, a former Defence Secretary, reiterated previous statements by himself and Mr Neil Kinnock, the Party leader, that the £8bn saved by scrapping the new Trident missile would be used to build up Britain's conventional forces.

The savings were equivalent to the cost of 1,400 Challenger tanks, 30 Type 23 frigates or 10 squadrons of Tornado military aircraft, he claimed.

Mr Healey said he believed a major change in the Soviet Union's attitude to the outside world was taking place under Mr Mikhail Gorbachev and that too many people were behaving as if Moscow was still pursuing an aggressive military policy, as it had under the late Mr Leonid Brezhnev.

LEADERSHIP ROLE URGED FOR HIGHER EDUCATION

Universities need 'business control'

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

MINISTERS were yesterday told to impose businesslike control over Britain's universities through a body like the main board of a big group of companies. It would largely delegate its power to act to a full-time "chief exective" with the title of director general.

The new "University Grants Council," taking a stronger "leadership role" than the 66-year-old University Grants Committee, is proposed by the official report on an 18-month study of the central management of the universities, which now receive about 85 per cent of their £2bn-plus annual expenditure from taxpayers' funds.

The study was made by an eight-strong committee led by Lord Croham, chairman of the Guinness Peat Group and former head of the Home Civil Service.

Although the present grants committee has achieved all that could be expected, the report says, the overwhelming majority of academics among its members makes it "more representative of the suppliers of university education than it is of the customers."

It should be replaced by a council of not more than 15 members, including the director general and a part-time chairman, drawn in broadly equal numbers from the universities and the outside world.

The council should have "unambiguous" powers to set the overall strategy, within broad government guidelines, which would determine how state money for the university sector as a whole would be distributed among the individual institutions. It would also be expected to see that universities provided high-quality and cost-effective teaching and research, and to take the lead in stimulating innovation.

But the report stresses that the council should be at least as independent as the present grants committee of control by central Government. In particular, "the Government should play no part in the distribution of grant to individual institutions and should give no guidance or direction in this respect."

Indeed, ministers are urged to provide themselves with much greater independent advice on all aspects of education by "urgently" setting up a widely representative United Kingdom Education Commission.

"We encountered concern in the business world that industry and commerce do not at present have a satisfactory focus for the expression of their views and are on that account not playing as full a part as they might in the national debate, especially in terms of advice on likely developments in the requirements of employers."

Without the establishment of an "overarching" UK advisory commission to advise on education as a whole, the proposed University Grants Council "will be less well placed to advise on university provision than it should be."

The council itself would be more independent than the present grants committee of Civil Service influence because it would be free to recruit its employees "how and where it sees fit" instead of being staffed largely by civil servants seconded from the Education Department.

The main role of the full council – which should include one member with first-hand experience of university medical education and preferably a proportionate representation of women – would be to decide the principles on which public funds are to be allocated to the institutions.

The duty of carrying the principles into force would be delegated to the director general, recruited from the university world, who would nominate an executive committee to act in support.

Further support would be provided by a management information team to provide professional expertise, which the existing grants committee lacks, in such fields as statistics, management accounting and finance and computing. It would be up to the council to decide how much of the total grant money under its jurisdiction would be spent on its own running costs.

Review of the University Grants Committee, Cmnd 81, HMSO. £7.20.

Tories try to restore calm over land row

BY PETER RIDDELL, POLITICAL EDITOR

THE GOVERNMENT yesterday sought to provide reassurance that there would be no relaxation of planning controls and development in the green belt (protected countryside).

This followed the furious ministerial row on Monday over the presentation of a government statement on alternative uses of surplus agricultural land.

Ministerial embarrassment, and electoral nervousness, were increased by the National Farmers Union's (NFU) unprecedented vote of no confidence in and vocal criticism of Mr Michael Jopling, the Minister of Agriculture, at its annual meeting in London yesterday.

Mrs Margaret Thatcher, Prime Minister, yesterday expressed "complete confidence" in Mr Jopling. She told MPs that the NFU was taking a very short-term view

Mr Jopling is being blamed by fellow ministers, particularly those from the Department of the Environment, for the political mess of the past two days. One of his junior ministers is widely thought to have briefed the Sunday newspapers in an attempt to head off the NFU's criticism, and this contributed to a false impression about the scale of housing development in rural areas.

Subsequently Mr Jopling is seen as having mishandled parliamentary and presentational aspects on Monday by dithering and ineptness.

Nevertheless, ministers were last night confident that they had stabilised the position, at least among their own MP's, by stressing that the statement did not mean large-scale development but was intended to assist the broader interests of the countryside.

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TUC presses industry to raise exports

BY DAVID BRINDLE, LABOUR CORRESPONDENT

THE TRADES Union Congress (TUC) is telling all its affiliated unions to press companies to take urgent action to increase exports, taking advantage of the fall in the value of sterling relative to other leading European currencies.

Mr Norman Willis, TUC general secretary, is asking unions to alert all their relevant full-time officials and lay officers and to report back on companies' responses.

The move is an unusual step for the TUC to take. It does, however, reflect Mr Willis's strong personal belief – endorsed by the TUC general council – that the relative drop in the value of sterling presents a window of opportunity for industry.

He says in a letter being sent this week to unions: "The general council believe that, if British industry does take advantage of this opportunity, there will be substantial benefits in terms of jobs."

The initiative follows the TUC's support for a memorandum, entitled "Britain's new export opportunities," discussed at the January meeting of the National Economic Development Council. This said that companies could win fresh markets abroad and recapture markets at home.

Mr Willis is proposing that managements and union representatives should meet at company and plant level to discuss how to take advantage of the change in sterling's external value.

● Talks take place today on a threat of industrial action by union members at Harrods, the London store.

A ballot conducted by Usdaw, the shopworkers' union, has produced a 5 to 1 majority for action over a change in trading hours, introduced last week, under which the store now stays open an extra hour

Deadline set for Ordnance bids

BY LYNTON McLAIN

FINAL BIDS from the four UK companies interested in buying Royal Ordnance (RO) have to be submitted to the Ministry of Defence by March 7.

RO is the state arms and munitions company which the Government withdrew last summer from a planned flotation on the London stock market.

British Aerospace, Ferranti, Guest Keen and Nettlefolds, and Trafalgar House, the four companies interested in RO, completed their separate visits to the 15 factories and research sites on Monday.

Each company had a full day at each location. Senior management at RO is expected to spend the rest of this week answering final questions from the prospective bidders.

The Government is expected to complete the sale of RO to one of the four companies by early to mid-April, assuming at least one of the companies makes a bid to buy the company.

There are no formal contigency plans for what to do with RO if no company offers to buy it, but a management buy-out and a private placing of the shares with institutions are possibilities.

The Labour Party has said it will renationalise RO if it wins the next general election. In the event of a successful sale to one of the four prospective companies, the proceeds from the sale will go to the Treasury. The Ministry of Defence will not be permitted to keep the proceeds for funding its own spending programmes.

RO has assets of about £240m and has no bank debt and only £14m of lease commitments. The company has £16m of surplus cash on bank deposit compared with £52m of bank debt at the end of 1985.

TECHNOLOGY

Sir Martin Wood

Evangelist of industrial innovation

Peter Marsh talks to one of Britain's leading high-technology entrepreneurs

SIR MARTIN WOOD, doyen among Britain's high-technology entrepreneurs, is worried. "In the UK we are watching our own decline. It's the first time a country as advanced as ours has done this. In the case of the Roman and Spanish empires, they declined and books were written about it afterwards. If we can't pull ourselves out of what is happening it will not be for lack of *information*."

If Sir Martin takes a scholarly view of Britain's sliding position in the world league table, and in particular its fall *in ranking in science* and technology, it reflects his academic roots in a highly specialised activity—the development of high-power magnets which work only at extremely low temperatures. From such ideas, Sir Martin has built up Oxford Instruments, a world-renowned company which makes a range of high-tech equipment such as magnets for body scanners, patient-monitoring systems and instruments to help in industrial tasks such as the design of catalysts or production of microchips.

Sir Martin is a relaxed, courteous man of 59 who set up his company 28 years ago after taking an engineering degree at Cambridge and then working in the Clarendon Laboratory, home of Oxford University's physics department. He is living proof of the way innovations in barely incomprehensible areas of science can, with a great deal of care and effort, become translated into products of massive application to industry and, indirectly, to ordinary human activities.

Oxford Instruments has been, by any standards, highly successful. Sales in 1985-86 were £76m, of which £17m was profit. Turnover from the group's dozen or so subsidiaries has shot up 10-fold since 1980. The company employs 1,500 people, 1,000 of them in Britain, with 93 per cent of production exported. The group had a minor setback recently, in that its half-year to September showed a profit increase of only 28 per cent to £8.51m, less than the 50 per cent or more which has been the norm.

Sir Martin is Oxford Instruments' deputy chairman and, by his own choice, no longer involves himself in the day-to-day running of the company. This gives him plenty of time for other activities, such as serving on Government committees that analyse the nation's poor prospects in science and technology.

Hardly a week goes by without some eminent UK scientist lamenting the lack of support — both from Whitehall and established companies—for research and development in Britain, particularly in key areas such as semiconductor physics and biochemistry. Sir Martin is happy to add his voice to the criticisms. Indeed, he has in his briefcase all the relevant statistics in a couple of weighty reports which he helped to draft.

"Ten years ago we had a fantastic science base in this country. Now we have huge chasms. Cutting basic science is like eating your seedcorn. This company (Oxford Instruments) has grown out of basic research. If you cut it off, then industry suffers."

Sir Martin believes the Government is right to urge universities to be more selective about the research they undertake, with a view to making the work of academic institutes more relevant to industry. But the exercise has been carried too far, he says.

"The trouble is, you can go on being selective until you have nothing left. You could say that Britain does only about 5 per cent of all the science in the world. So why not cut it out altogether and simply have people in libraries looking up research papers from overseas? Of course, it would not work. You have to have a certain level of activity to keep people here and to keep industry going."

The level of documentation on the problems facing science is such, Sir Martin believes, that Government officials "know what is going on. Whether the message is getting through to the Cabinet is another matter."

Sir Martin is by no means *the first commentator to point* out that the low standing of science and engineering in Britain is linked to social attitudes. "If a woman in France announces she is going to marry an engineer, people open champagne. In Britain, the family wishes she was marrying a lawyer. Industry is not seen as being very glamorous. So you get a vicious circle, with young people doing anything other than to go into this type of business."

There are, however, some hopeful signs. "Modern high-technology industry is beginning to catch the eye of schoolkids. They find it fun. We are beginning to see changes, but it will take us a generation to sort things out."

A lot is said about encouraging *scientists and engineers to* start up their own firms. Sir Martin believes, however, that "there is nothing magical" about high-technology companies. "A bigger challenge is to give more impetus to older industries such as shipbuilding or making bricks. A good role for small, high-technology companies is to act as a bridge between researchers in universities and established companies like ICI."

Sir Martin started Oxford Instruments in true entrepreneurial style in the garage of his home in Oxford. He says he had for years wanted to begin his own firm. His experience of work in high-power magnets at the Clarendon gave him the chance to do so.

Early on, the company was a part-time venture. Sir Martin drew a salary from the university until 1969. The magnets, which involved passing high currents around specially shaped pieces of metal, were initially sold mainly to research departments in areas such as high-energy physics.

A stroke of luck came in 1971 when superconducting magnets—which require wire coils cooled to low temperatures by liquid helium, and made from exotic metals like niobium—were invented in the US. Sir Martin and his colleagues realised they could be incorporated into a range of machinery including motors, generators and scientific instruments. Later, the magnets became a fundamental part of body *scanners, a market* which accounts for about half Oxford Instruments' business. Gradually, too, the company moved into other areas of technology, mostly built around instrumentation, either by acquiring small companies or (more usually) developing ideas in-house.

> "The Government is right to urge universities to be more selective about research. But the exercise has gone too far. You can go on being selective until you have nothing left"
>
> Sir Martin Wood

Despite its high standing and its good relations with the City (the company holds twice-yearly presentations with financial analysts to explain the esoterics of what it is doing), Oxford Instruments still conveys something of a boffin image, reflecting the peculiar unworldliness often associated with scientists, British ones especially.

The company's head office is a *grey, scruffy building* in Oxford. It has a pastoral-sounding address, Osney Mead, which turns out to be an industrial estate. (The company is about to move to more leafy surroundings, in the nearby village of Eynsham.) Previous premises have included, after the garage, a caravan, a disused laundry and an abattoir. Oxford Instruments' official history, put together with loving attention by Sir Martin's wife, Audrey, is full of photographs showing Sir Martin and fellow enthusiasts wrestling with tubes, wires and other obscure items of technology.

Sir Martin says that any high-tech entrepreneur ought to be aware of his own strengths and weaknesses. He has never assumed the title of managing director or chief executive. "I don't run anything. I'm not a businessman or a manager. I don't go around giving orders." Running the business is left, as a result of this policy, to the bright, highly motivated, *scientists and engineers whom* the firm tries to recruit. In charge is Dr Peter Williams, the youthful looking 41-year-old chief executive.

Sir Martin says he spends about two-thirds of his time on official company business, much of which involves travelling the world looking at possible *products*. He also *helps to run* the Oxford Trust, an organisation which promotes industrial applications of science in the Oxford area, and is a non-executive director of two other UK high-tech companies—Celltech, which is commercialising British ideas in biotechnology, and Meta Machines, a robot company which is a spin-off from Oxford University's engineering department.

"My job," says Sir Martin, "is to spot opportunities and try to enthuse people to organise themselves. I try to provide some vision through my contacts and optimism and intuition."

WORTH WATCHING

Edited by Geoffrey Charlish

Siemens plugs into Racal design

OVER THE next three years, Racal Redac, the UK computer-aided design (CAD) company with over 17 per cent of the world market in electronic design and engineering equipment, is to *supply Siemens of Germany* with systems worth £10m.

Siemens has used screen and *keyboard* circuit design equipment from a number of vendors but is now to standardise on the UK company's system in most of its 110 plants throughout the world. Siemens will also market the product to its own customers.

The German company is working towards highly automated electronic production *plants by using networking to* enable design, engineering, *production* and *test* equipment to work in unison under computer control. This interworking of "islands of automation" is feasible with the networking facilities offered by Racal's Vistula system. Vistula uses a common database in which design information is used to carry out engineering work "on screen." Further data is then developed that can be used to operate manufacturing and test equipment.

Computer integrated manufacture of both "chips" and printed circuit boards is rapidly becoming essential in modern electronics production in order to keep development times down, raise quality and cut costs in the interests of increased competitiveness.

Radar homes in on oil and gas fields

SANDIA NATIONAL Laboratories in Albuquerque in the US has successfully tested an instrument that, by using a form of radar, provides better information for oil and gas exploration engineers.

By sending very short, but very powerful, pulses of radio frequency energy from a *transducer in* the exploration borehole, the direction of fractures in rocks up to 30 ft away can be determined.

Sparks fly over UK signal networks

A ROW has broken out between a group of UK companies selling mains *signalling* (MS) equipment and two UK professional/technical bodies, the IEE (Institution of Electrical Engineers) in London and ERA, an electrical research organisation of Leatherhead, Surrey.

MS systems are used to send control signals over a premises' mains wiring (in the control of machinery or lighting for example). There are no standards, some imported equipment has caused problems and there has been doubt in some quarters about the status of MS.

BEAMA (Federation of British Electrotechnical and Allied Manufacturers' Associations) says *that* a *report* issued last year by ERA exhibits a "pre-occupation with interference that is misleading." BEAMA maintains *that equipment that can* cause interference to other users of mains electricity supplies is seldom sold by any of its 30 member companies. It has published a code of practice which it believes is adequate until formal standards are published by the British Standards Institute, probably in the second quarter of this year.

BEAMA says that although it is not "seeking a war" with anyone, IEE and ERA reports and subsequent trade press coverage have affected its members' trading. "Many of the things that ERA and the IEE suggest should be done (adequate filtering for example) are covered *in* our code of practice," says Mr John Lee of BEAMA.

In its report the IEE also suggests *that* "a major obstacle to the successful use of MS is interference." It points out that this can occur between *systems* (the signals on one might be intercepted by another), or it can arise from the electrically adverse signal conditions present on all mains cables.

The problem has been that, although mains signalling systems have been on sale for 10 years, a variety of techniques have been used. Modern microelectronics has speeded market growth and the IEE suggests some 0.25m systems are now sold annually in the UK alone. By 1990, it is likely that devices worth about £2bn *will have* been sold.

The IEE report last year took the view that further professional investigation *of* the mains *electricity supply* as a signal transmission medium needs to be carried out.

Low-cost entry to the CAD arena

COMPUTER AIDED design (CAD) *becomes feasible for* less than £100 on a standard IBM personal computer using some new software called Generic CADD. This has been *written* by Generic Software of the US and is available in the UK from Robotechic, a small London company.

Such systems have formed a popular starting point for companies wanting to explore CAD, and Generic CADD has already sold well in the US. For £99, it offers most of the facilities needed for introducing CAD, says Robotechic.

Going on display in London

ASTEC EUROPE, the UK-based electronics company, has made the first installations of its large-scale display system in London. *One is on* Australia House (it showed data about the America's Cup), the other is in Cromwell Road carrying advertising *material from electronics* companies.

Astec's system uses matchbox-sized cells to build displays typically measuring 20 × *10 ft*. Each *cell* has a moving "slug" with a bright-coloured front surface. The cell contains an opaque liquid. When the slug is moved and presses against the front of the display, its colour can be seen. When it is moved back the liquid's colour is shown. All the cells are altered in unison, by microprocessor, to change the picture according to a program.

CONTACTS: Racal Redac: Tewkesbury, UK, 0684 294161. Sandia: US, (505) 844 8065. BEAMA: London, 437 0678. IEE: London, 240 1871. ERA: UK, 03723 714151. Robotechnic: London, 499 9746. Astec Europe: UK, 0734 509411.

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NORPIPE A/S

February 11, 1987

By: CITIBANK, N.A., Principal Paying Agent

MANAGEMENT

International markets

A balancing act on the world stage

Christopher Lorenz reports that co-ordination is the latest weapon

WHEN CANON launched one of its most successful products, the AE-1 camera, it positioned it completely differently in the "Triad" markets of *Japan*, the US, and Europe.

In Japan, the AE-1 was targeted at young replacement buyers of 35mm single-lens reflex cameras, in the US at up-market first-time buyers, and in West Germany and other European countries at older and more technically sophisticated replacement buyers.

Canon thus rejected the simplistic notion of globalisation which has become fashionable in the West: that companies facing global competition must make a stark choice between either complete world standardisation or tailored marketing by region or country.

This all happened a decade ago, long before the concepts of globalisation and the "Triad" penetrated the everyday parlance of management theory and practice. Nor, at that time, had many companies *realised* that globalisation would bring immense organisational complexities in its wake, not only in marketing but throughout the corporate structure.

Today, far more than in the late 1970s, the dichotomy between standardisation and tailoring is a false one, argue Professors Hirotaka Takeuchi and Michael Porter in a major new book edited by Porter on "Competition in Global Industries"*. For multinationals these days, "the essential task is to do both simultaneously," they argue.

But this balancing act is much easier to prescribe than to perform, as the 600-page book itself makes clear. It requires not only the sophisticated strategic and marketing skills which Canon exploited with the AE-1, but also organisational competence and flexibility of a very high order indeed. Faced with this dual challenge, Porter claims that all but a few companies—most notably IBM—"are struggling."

For Canon in 1976, the execution of a global-regional balancing act was relatively straightforward. At the time, in common with most other Japanese companies, virtually all its production was in Japan, so that the only really difficult organisational task was the co-ordination of marketing.

Canon has since *joined* the Japanese rush to build networks of factories around the world. Research, design and most development is still being done centrally in most of these networks, so they are not yet as hard to co-ordinate and control as the established international empires of western multinationals. But they are well on the way: the book points, for instance, to the problems experienced by Matsushita, the consumer electronics giant, in transferring more responsibility and capabilities to its overseas operations.

Co-ordination of complex global networks of company activities is becoming a prime source of competitive advantage, according to Porter, one of the most influential academics at the Harvard Business School. "Today's game of *global* strategy seems to be increasingly a game of co-ordination," he says: getting dispersed production facilties, R & D laboratories, and marketing facilities really to work together.

Benefits

Only by playing this very difficult game will companies be able to respond to the needs of different countries and markets while reaping the benefits of global presence, Porter warns. Yet "co-ordination remains the exception rather than the rule."

Competition in Global Industries, published in the US before Christmas and in Europe this month, is Porter's third weighty tome on the subject of competitive strategy, but the first to focus specifically on the strategic and organisational challenges of global competition.

Of Porter's 19 co-authors, the most detailed advice on how to reorganise to meet global competition is provided by *Christopher* Bartlett, associate professor of business administration at Harvard.

In the past, says Bartlett, companies tended to make simplistic organisational choices: either centralisation or decentralisation, and either product-based structures or geographically orientated ones.

Today, all these characteristics are required simultaneously. Instead of being either decentralised ("multinational") or centralised ("global"), a very different kind of structure and management process *is* required, which Bartlett dubs "transnational."

"In transnational organisations, management breaks away from the restricted view that activities for which global scale or specialised knowledge is important must be centralised." Instead it ensures that viable national units achieve global scale by making them the company's world source.

For this arrangement to work effectively, says Bartlett, there must be heavy flows of technology, finance, people and materials between interdependent units. There must also be tight controls and complex co-ordination, with strategic decision-making processes shared across the group.

To ensure that national units operate as an effective integrated network, structural changes to create the transnational organisation must be made gradually and with care, Bartlett advises. He cites as a model the seven-year programme begun by Japan's NEC at the end of the 1970s to transfer to the US the responsibility for developing software *for its main telephone* exchanges. Over that period the US offshoot evolved from being a local implementer and deliverer of centrally developed products and policies, into an innovative and responsible contributor to NEC's worldwide corporate system.

The task of developing interdependence between units in an already decentralised multinational is quite different from the sort of process needed in a previously centralised company such as NEC, Bartlett points out.

Philips, the Dutch electronics multinational, has made considerable strides over recent years to move away from its traditional pattern of uncontrolled decentralisation. But along the way, like other western multinationals in a similar phase of transition, it has risked disenfranchising its local units, demotivating their management, and compromising the valuable assets that responsive "national organisations" (Philips' term for them) can represent.

In the product division res*ponsible for Philips' global tele*vision business, for instance, Bartlett reports that central management soon recognised that its ability to sense and respond to increasingly rapid changes in market demands was limited, and that its attempts to control activities too tightly at the centre "were resulting in considerable frustration and demotivation in the national organisations due to their depleted role."

So the company modified its approach, involving local management more in its co-ordination efforts. It was increasingly realised that improved global competitiveness could be achieved by building on the existing competence of key locations such as the US, Japan and the UK, rather than transferring them to the centre. Britain, for example, was made the "corporate centre of competence" for the company's teletext TV product line.

For any transnational company, whatever its origins, Bartlett emphasises that the development of the necessary organisational flexibility requires the installation of "rather sophisticated and subtle decision-making machinery". Among a host of necessary actions that he prescribes, top management must establish clear objectives, develop broadly-based managers, and foster appropriate organisational values.

The overall objective of this approach, says Bartlett, is to avoid having to resolve issues through a complex, formal matrix structure, in which reporting relationships run at least two ways at once. Instead, it aims to create what one manager termed informal matrices "inside the heads of a key group of senior managers".

Echoing Porter's introduction, and many of the other sections of the book, Bartlett concludes that in future a company's ability to be nationally responsive and globally integrated at one and the same time "may well represent the distinctive competence that separates the successful competitors from the mere survivors." The West needs more IBMs, in other words.

* *Published by Harvard Business School Press, and distributed in Europe by Harper & Row, price £27.95.*

Training

How Mercedes is helping to keep it in the family

BY MICHAEL SKAPINKER

"I'M UP to the marque" say the badges worn by some of the participants at a recent Mercedes-Benz training session. They will have to be. All 16 of them have a hard act to follow: running successful Mercedes dealerships started by their fathers.

Around one half of Mercedes' 170 UK dealerships are family-owned. Mercedes wants to keep them that way. It therefore hopes that its dealers will pass their businesses on to their children. To encourage them to do so the company is currently running a leadership and business skills course for dealers' sons and daughters.

"You see a lot of large companies involved in the marketing of motor-cars. They have a role to play, particularly in the metropolitan areas," says Hans Tauscher, managing director of Mercedes-Benz (UK). Outside the large cities, however, Tauscher sees a definite advantage in having smaller, privately-owned dealerships. They have a good feel for the local market and do not need the back-up of a large organisation.

"We would like to make sure that the privately-owned dealerships continue to exist. We want to counter the possibility of dealers taking the easy way out *and selling to an anonymous* buyer," Tauscher says.

Mercedes has already run courses for dealers' children in the United States, but the British programme is the most ambitious yet attempted. It consists of six one-week courses—two at Mercedes UK headquarters in Milton Keynes, two in West Germany and two in America.

The first course took place in Milton Keynes last October. The last two will take place in May and June, when the trainees will spend a week with faculty members from the Harvard Business School and a week visiting Mercedes managers and dealers in various parts of the US. The courses cover trends in the European and international motor industry, employment legislation, finance, marketing, advertising, leadership and public speaking.

The participants, whose ages range from 22 to 39, all work in the dealerships their fathers started and expect one day to run them. (None have mothers who run the business.) A couple of the course participants have already taken over following the death of their fathers. Another, Colin Raymond from Chester, became managing director last year when his father retired.

Raymond's case is unusual. The fathers tend to be self-made men who are reluctant to hand over the business to anyone else. "My father is still very active at 70," says Bill Allen from Cheltenham. "He will never do what Colin Raymond's father has done. One of my nightmares is going to work at the age of 60 and saying 'Dad, I want to retire'."

Mercedes itself had to reassure the fathers that the training programme was not a gentle hint that they should step down, says Peter Padley, UK general manager for personnel and training. The company invited both fathers and mothers to a meeting last summer to explain the purpose of the course to them.

Same side

Mercedes managers told the parents that the course would not be overly academic but would give their children some of the formal skills they would need to run the business. They encountered no opposition to the courses from the dealers, who each paid £5,000 for their son or daughter to attend.

At their *most recent session* in Milton Keynes last month, the sons and daughters themselves said that the courses have had a different atmosphere from other training programmes they have attended: "Other managers, when all is said and done, are working for someone else," said Gillian Davey, who works in her father's dealership in Grimsby. "At the end of the day, we're on the same side of the fence as our parents."

Nevertheless, most reported that fellow-employees did not seem to resent their status as the *children of the boss* or the fact that they were going to inherit the business. Some said, however, that workers used them as an informal line of communication to their fathers or as a way of breaking bad news. "I get more information than my father would because people *tell me more*," said Clint Biss, the son of a dealer in Bishops Stortford. "They come to me to say a deal is going badly and we're going to lose it."

All the participants felt the need to prove that they could *run the business*. "Anyone can be a boss's son. It takes no qualities or abilities," Bill Allen said. Many said they thought that taking over a family business increased the pressure to succeed. "We know what our parents have gone through to build up the business. We don't want to throw it away," said Yvonne Bell, a director of her father's truck dealership in Northumberland.

"One of the things about being second generation is that I know my father started from nothing and built up a substantial business," Colin Raymond added. "You don't know how you're going to get the same growth in the same period of time but it would be criminal to give your children only what you've been given by your father."

Do the sons and daughters find themselves going back after the courses and attempting to change the way the dealerships are run? "I think it would be a mistake to go back and make tidal waves," Colin Raymond said. All the same, some said that they would *suggest* some accounting changes as a result of a three-day business simulation exercise they had been put through. One had already handed out questionnaires to employees in a successful attempt to persuade a manager that his style was seen to be too authoritarian.

Several thought that their own management style would be more participative than that of their fathers. "Self-made men see things in black and white: do this, don't do that," Bill Allen said. "I'm not quite so *blunt* as my father. I try to democratise it. I might have decided what to do, but I ask people first."

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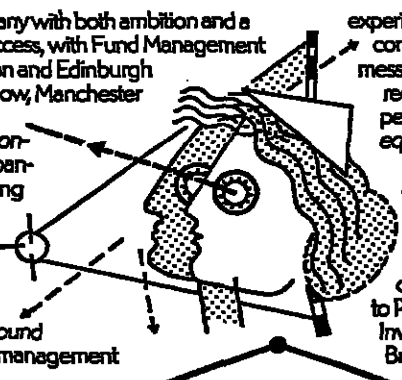

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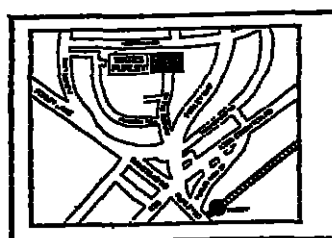

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The Entreprise Nationale d'Approvisionnement en Produits Alimentaires (National Food Supply Company) is launching an international invitation to tender for the supply of:

— Frozen beef off-the-bone;
— Frozen beef on-the-bone.

Interested companies may collect the specification against payment of 200 DA (two hundred dinars) from ENAPAL, 29 rue Larbi Ben M'Hidi, Algiers.

Tenders in duplicate together with the statutory documents should be sent to the above-mentioned address in double sealed envelopes, the outer envelope only bearing the following wording: " APPEL A LA CONCURRENCE INTERNATIONALE No. 09/87 —A NE PAS OUVRIR " (INTERNATIONAL INVITATION TO TENDER No. 09/87—DO NOT OPEN).

The final date for submissions of tenders is 24 February, 1987.

Tenderers will be committed to their tender for 60 days from the closing date of this invitation which is addressed only to producers and bodies specialising in marketing in accordance with the provisions of Law No. 78-02 of 11 February, 1978, relating to State Monopoly on Foreign Trade.

anep/alger

ALGERIE - الجزائر

MINISTRY OF TRADE

Entreprise Nationale d'Approvisionnement en Produits Alimentaires

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Company Notices

GEOFUND LIQUID ASSETS

MEETING OF HOLDERS
ON 30TH JANUARY 1987

At the above meeting of Holders to consider a Resolutio nto approve a new Trust Instrument the voting was unanimous in favour.

The Resolution was therefore passed by the required majority of votes cast. The new Trust Instrument becomes effective from 30th January 1987. An addendum to the current Explanatory Memorandum is available from the Manager at the address shown below.

DISTRIBUTION NOTICE

NOTICE IS HEREBY GIVEN that for the period from 1st July 1986 to 31st December 1986 a Distribution of US$3.21 per Income Share is payable from 9th February 1987 against presentation of coupon number 11 at the undermentioned office at which the published Report and Accounts are available.

Holders of Accumulation Shares are hereby notified that their interest in the Trust Fund will be increased in respect of each share held at 31st December 1986 to 1.6307616 Undivided Shares.

Manufacturers Hanover Bank (Guernsey) Limited.
Manufacturers Hanover House,
P.O. Box 92, St. Peter Port,
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MANUFACTURERS HANOVER ASSET MANAGEMENT LIMITED

NOTICE BY
OLYMPIA & YORK CREDIT CORP.

Pursuant to an Indenture (the " Indenture ") dated as of June 13, 1985 among Olympia & York Credit Corp. (the " Issuer ") Olympia & York Developments Limited (the " First Predecessor ") and Morgan Guaranty Trust Company of New York as trustee (the " Trustee ") U.S.$125,000,000 of 10¼% Notes due 1990 were issued by the Issuer and guaranteed by the First Predecessor.

Pursuant to a supplemental identure dated as of July 29, 1985 among the ssuer, Olympia & York Developments *Limited (the " Second Predecessor "),* a corporation resulting from the amalgamation of the First Predecessor and Olympia & York Holdings Corporation, and the Trustee, the Second Predecessor assumed all of the obligations of the First Predecessor under the Indenture.

Pursuant to a supplemental indenture dated as of January 30, 1987 among the Issuer, Olympia & York Developments Limited (" OYDL "), a corporation resulting from the amalgamation of the Second Predecessor and Reichmann Holdings Limited, and the Trustee, OYDL assumed all of the obligations of the Second Predecessor under the Indenture.

KENNETH LEUNG
Senior Vice-President,
Finance and Administration
OLYMPIA & YORK CREDIT CORP.

IZUMIYA CO., LTD.

US$60,000,000 3¼ PER CENT. GUARANTEED BONDS WITH WARRANTS TO SUBSCRIBE FOR SHARES OF COMMON STOCK OF IZUMIYA CO., LTD.

12th February, 1987

To the holders of the above-captioned Warrants:

You are hereby notified that, as a result of a free distribution of Shares of Common Stock of Izumiya Co., Ltd. to the shareholders of record as of 28th February, 1987, Japan time, at the rate of 0.10 Shares for each Share held, the exercise price of the above-captioned Warrants will be adjusted pursuant to Condition 7 of the Warrants under the Instrument dated 30th January, 1987 from Yen 2,081.00 to Yen 1,891.80 per Share, effective as from 1st March, 1987, Japan time. The date of issue of the Shares to be issued upon such free distribution is 15th April, 1987.

IZUMIYA CO., LTD.
1-4-4 Hanazono-Minami,
Nishinari-ku, Osaka, Japan
By: MITSUI FINANCE TRUST INTERNATIONAL LTD.
as Fiscal Agent

NOTES TO THE HOLDERS OF BONDS OF THE ISSUE 9% 1978/1993 OF US$25,000,000 MADE BY THE EUROPEAN COAL AND STEEL COMMUNITY

The Commission of the European Communities advises the Bondholders of the above mentioned issue that the instalment on April 1, 1987 has been met by a draw by lot in the presence of a Notary Public.

BONDS DRAWN:
Nos. 13057-14639 inclusive when taking previous instalments into account.

The drawn Bonds will bear no interest after April 1, 1987 and are repaid with coupon April 1, 1988 attached according to the terms and conditions of the Bonds. Besides, the Commission of the European Communities has decided in accordance with the conditions of the issue to reimburse in anticipation the outstanding amount of US$17,350,000 at 101½% on April 1, 1987.

NOTES TO THE HOLDERS OF BONDS OF THE ISSUE 9.25% 1978/1998 OF US$25,000,000 MADE BY THE EUROPEAN COAL AND STEEL COMMUNITY

The Commission of the European Communities advises the Bondholders of the above-mentioned issue that the instalment on April 1, 1987 has been met by a draw by lot in the presence of a notary public.

BONDS DRAWN
Nos. 45738-46587 inclusive

The drawn Bonds will bear no interest after April 1, 1987 and are repaid with Coupon April 1, 1988 attached according to the terms and conditions of the Bonds.

Besides, the Commission of the European Communities has decided in accordance with the conditions of the issue to reimburse in anticipation the outstanding amount of US$17,350,000 at 102¼% on April 1, 1987.

INSOLVENCY ACT 1986
APPOINTMENT OF JOINT ADMINISTRATIVE RECEIVERS OVER *THE ASSETS OF*
BINISA ORIENTAL FOODS LIMITED
Registration No. 1298679

Pursuant to Section 46(1) of the Insolvency Act 1986 and Rule 3.2 of the Insolvency Rules 1986 take notice that we, Maurice Charles Withall and I. D. Williams of Grant Thornton, Fairfax House, Fulwood Place, London WC1V 6DW, were appointed joint administrative receivers of the above company on third February by GLEB Investments Limited under the terms of a debenture dated 2 March 1984.

Dated 3rd day of February, 1987

M. C. WITHALL
I. D. WILLIAMS
Joint Administrative Receivers

THE ARTS

Television/Christopher Dunkley

What the eye does not see . . .

The time has come, once again, for a column devoted not to programmes which most people have seen but to those which practically nobody has seen. In the past, similar columns in this space have been concerned with programmes suppressed on grounds of taste: Dennis Potter's *Brimstone And Treacle*, Jean Genet's *The Balcony*, Thames Television's *Sex In Our Time*, Fisher Dilke's *Horizon* on Aids and homosexuality, and so on.

But the five programmes reviewed here today have been withheld from the public (so far) for more unusual reasons. The first is said to endanger national security; the second, it is feared, might attract a libel suit; the third raised questions about sponsorship; and the last two are not intended for British viewers.

The first is — of course — the now famous opening episode of the BBC's *Secret Society* series. Devoted to the Zircon spy satellite, the programme gave rise to the Special Branch raid on the BBC's Glasgow offices, and a Parliamentary row about government secrecy. I am not alone in having seen this: it was screened a week ago in a Cardiff cinema, and at the time of writing there are plans for it to be shown in Aberdeen, Birmingham, Bristol, and Oldham as well as London's Conway Hall.

In style and structure the programme is unremarkable and pretty unexciting. Duncan Campbell, the New Statesman journalist who discovered the Zircon "secret," speaks to camera while standing in front of the Ministry of Defence and the satellite tracking station at Menwith Hill. He also interviews Sir Ronald Mason, former Chief Adviser to the MoD; Sir Frank Cooper, former Under Secretary of State for Defence; and Robert Sheldon, MP.

Looking fairly closely at the programme it seems clear that Campbell's achievement, like so much successful investigative journalism, is due less to startling revelations from "Deep Throat" traitors, than to good background knowledge and a hard slog through the small print of freely available, if stunningly boring, documents.

But even if Campbell compiled the entire programme from legitimate sources, should we be allowed to see it? Sir Frank Cooper tells Campbell at one point "Everybody knows where everybody's satellite is" and adds that schoolchildren in Milton Keynes can work out nowadays who has launched what and where, and what the orbits are. It seems unlikely that the Russians are all that far behind the children of Milton Keynes, so it looks as though the outcry over this programme is not really about giving away British secrets to the Russians but about giving away British Government secrets to the British people.

Since you and I are paying for Zircon, and since it seems to be universally agreed that the Russians will know exactly what it is the minute it gets into the air, it is hard to see why the BBC—which also belongs to you and me—should not ensure that we are as well informed as the Russians about our own property. The BBC should do what it decided at the highest level of the Corporation last December: show the entire series of *Secret Society*.

The second programme is *Slip-up*, a 95-minute filmed drama due for transmission on December 30 which was pulled from the schedules at the last moment. Written by Keith Waterhouse from the book by Anthony Delano, it tells how a Daily Express reporter tracked down the escaped "Great Train Robber" Ronnie Biggs to Rio de Janeiro in 1974. More to the point it tells how Detective Chief Superintendent Jack Slipper also flew to Rio with a set of handcuffs, determined to bring Biggs home to serve his sentence, and how the entire Fleet Street rat pack (sorry chaps, do forgive me) tagged along.

Biggs evaded repatriation by claiming paternity of a Brazilian child, so that "Slipper of the Yard" returned with his handcuffs empty. Delano has observed rightly that there is a strong flavour of the Ealing comedy about the whole business, and dramatically speaking it is entirely fitting that Jeremy Kemp should play the detective as one of those indomitable Englishmen who can hardly believe that foreigners do not understand English provided it is spoken VERY LOUDLY AND S-L-O-W-L-Y.

It is true that Slipper does not emerge as the most brilliant detective of all time, but then nobody shows up as a genius in this hilarious tale which alternates between the astonishing and the absurd. The manner in which the Express treats its own man and the behaviour of the Fleet Street pack in Rio are both pretty unattractive. And yet—speaking as a former Fleet Street reporter—this programme captures the tone and spirit of this type of newspaper work, at that date anyway, more accurately than anything else I have seen on television.

Programme No 3 is "Night Moves," an edition of *Arena* about lorry driving, billed for transmission on BBC2 on December 19, but also pulled out at the last moment after newspaper inquiries about £62,250 worth of sponsorship from companies in the road haulage business. I understand it will now be shown, probably towards the end of the present season of *Arena*.

The starting point for the programme is the famous 1936 film, "Night Mail," a lyrical documentary about postal workers getting the letters from London to Scotland on the overnight train. Made by the GPO Film Unit it is, naturally enough, *parti pris*, yet it is widely regarded not only as a seminal film but a classic. *Arena's* "Night Moves" intercuts extracts from "Night Mail" with its own film to show how trucking—inherently even more romantic than rail transport, perhaps—has largely taken over.

Where the 1936 film had music by Britten with words by Auden ("This is the night mail crossing the border, Bringing the cheque and the postal order") the 1986 film has rock music from Ian Drury ("The Scammel's roar and the Foden's growl"). Where the old film had the camaraderie of the sorters on the train, the new film has the fraternisation of the drivers at their overnight stop. There is an unfortunately contrived comedy routine in the *Arena* film about a van-driving nitwit called Nigel, but in other respects this documentary is indistinguishable in its approach from scores of celebratory films about manifold aspects of British life, made between the thirties and the sixties. With so much gloom in so many television documentaries today this one makes a heartening change, and provided the sponsors' contribution is clearly acknowledged it certainly should be shown.

The fourth and fifth programmes are both called *World News*, one made by ITN for Britain's Superchannel, which began transmission via satellite to 6m European homes on January 30, and the other made by the BBC as a pilot for its proposed television version of the World Service. Not surprisingly they are very similar, and one example of each programme is a tiny sample from which to judge, but ironically it is ITN which gets closest to a television version of the BBC World Service. This is partly owing to John Suchet, ITN's presenter, who speaks with particular care and clarity while the BBC's John Humphrys speaks much as usual. More important, ITN's technical presentation is utterly straightforward and uncluttered while the BBC is playing about, once again, with the technology: pictures flipping round the globe like giant playing cards, and lots of writing on the screen, especially that irritating moving line along the bottom of the picture.

However, either one of these new services would delight the many FT readers who, as we know, tune to BBC Radio's World Service, preferring its *news values, sober approach*, and good grammar to what they find on *News At 10* and *The Nine O'Clock News*. These latter programmes seem even more parochial than usual when compared to the two new services, each of which fills its first half with the most important stories from all over the world. Both offer extensive business news, and both, somewhat astonishingly, endeavour to give global weather forecasts.

ITN's *World News* is available now to the 87,000 UK homes so far capable of receiving Superchannel (virtually all off cable) and the BBC proposes screening its *World News* for British viewers in the daytime if it gets the go-ahead for the global service.

Suppressed so far: programmes about Ronald Biggs, lorry driving and Duncan Campbell's Zircon episode for the BBC's "Secret Society" series

Scout's Honour/Lyric, Hammersmith

Martin Hoyle

Both sides would be appalled at the comparison, but yesterday's scoutmasters, benevolent empire-builders and racial purists, are indirect ancestors of many of our environmentalists, folkies and wholefood freaks; or so it would seem from mischievously reproduced items in the programme for this new comedy at the Lyric, Hammersmith, by the young actor Christopher Douglas. The strengths of the play lie in his pastiche of one style and ironic observation of the other. At times the piece seems like a television comedy show with two sent-up themes, either of which is amusing alone but increasingly tangential to the other.

The north London community centre echoes to the offstage sobs of awareness sessions and shrieks from rape-avoidance classes — some of the jokes ring slightly hollow at the moment, but we get the idea. The centre's hand-to-mouth finances receive a fillip with a bequest from a defunct lieutenant-colonel. Unfortunately it transpires that he was the founder of the Kindred of Backwoodsmen, advocates of a mixture of colonial paternalism, eugenics and male comradeship whose totem, a swastika, his will dictates should be displayed as his memorial.

The moral dilemma is underlined by the materialisation (spotlit, to a glissando from *Peter Grimes*) of the late warrior who launches into one of his yarns; at which the centre's earnestly radical organisers assume the roles of heroic Dick and loyal henchman Rollo, while baleful black unemployed Gary (favourite word: "no") is seen as devoted native guide Jockoo, "jabbering excitedly," as the lae colonel's narration has it (more than once).

This fantasy recurs throughout, *parallel to the centre's* farcical vicissitudes: propitiating the foul offspring of an influential councillor, amorous advances from the impeccably socialist (and impeccably middle-class) lady mayor, and trying to impress simultaneously a visiting black high commissioner and the departed fascist's lawyer, come to check if the will's conditions have been observed—while, incidentally, frantically staging a three-man history of the underdog starring an American clown who studied mime with Lecoq.

Mike Bradwell's direction, as ever, makes ordinary people funny or funny people ordinary; *a gift, either way. Fragmenting* into gags, set pieces and contrivances, the play ultimately fails to hang together, but shows cheerful promise. Nigel Planer, beefier than he looks in his drippy hippy *persona* in *The Young Ones*, yields to Rachel Bell as the casting-couch queen of municipal advancement. John Fortune has the right manner for the spectral reactionary but lacks even a grain of nastiness to go with that sinister little moustache. I trust the American clown Palfi the Laughologist *(sic)* is not playing himself; ditto to Julian Firth's terrifyingly assured whizz-kid solicitor, horribly convincing as yesterday's Oxbridge/Edinburgh fringe star and tomorrow's Frost or Branson. The *Gang-Show*-type final number is fun; and I *shall never see* Islington *again* without remembering Jenny Tiramani's set: a seedily idealistic community centre. Or vice versa.

Alastair Muir

Nigel Planer and Palfi

John Ogdon 50th Birthday Concert

Paul Driver

John Ogdon's 50th birthday was celebrated with some agreeably intense music-making at the Festival Hall on Monday. The London Philharmonic Orchestra, conducted by John Lubbock, accompanied him in his own first piano concerto (1968), and also in a distinguished account of Rakhmaninov's *Paganini Rhapsody*. The festivity of the occasion was signalled by spruce and lively performances of Wagner's *Meistersinger* overture and the Brahms/Haydn Variations.

Ogdon has been well known in this country and (certainly since he shared the Chaikovsky Prize with Vladimir Ashkenazy in 1962) abroad for many years as a virtuoso pianist in the grandest tradition, and, to a lesser extent, as a composer-pianist—a status concomitant with that tradition in so far as personified by Liszt, Busoni, Rakhmaninov, and the like.

For a significant period Ogdon's career appeared to be in eclipse—he withdrew from the concert platform, suffered illness and breakdown. Only gradually has he climbed back up to the *niche he left, or near it*, and his recent playing has sometimes been puzzlingly uneven or bad. Yet as Jeremy Siepmann points out in his appreciation printed in the programme-book, Ogdon had always been an erratic, risk-taking performer ("consistency, it sometimes seems, is the privilege of the second-rate"); he was never merely "good" but stupendous.

Last night left little doubt that he is still to be considered a major virtuoso figure, and one of serious creative motivation.

His purely creative gift, as manifested by the Piano Concerto, also seemed not negligible. This large-scale, three-movement showpiece is full of fireworks and thunder, but has moments of strange beauty — for instance, the loping, dotted, astringently harmonized lyrical theme of the first movement's interior. The slow movement — a sort of oddly slanted barcarolle — had its touch of originality, and even the galumphing toccata finale came up with an effective surprise in the form of piano cluster-chords that had a well-calculated, coloristic impact in the basically tonal context of the work.

Dance in Italy

Freda Pitt

La Fille Mal Gardée is the only ballet by Sir Frederick Ashton that is in the repertory of numerous companies around the world. *Two* of these, the Budapest State Opera Ballet and the *Munich State Opera* Ballet, brought it to Italy early this year.

The Budapest company appeared in Trieste, while the Munich Ballet came a few weeks later to Venice. The ballet calls for technique and expressiveness of a very high order, and although the Hungarians missed some of the humour for the cock and hens and in Widow Simone's role and much of the pathos in Alain's, they all performed with absolute clarity, lightness and precision and were immeasurably the superior dancers.

Marta Metger's Lise possessed a fundamental gravity that we hardly associate with the role, but she gave a performance of exceptional fluency and refinement, with occasional flashes of fun, so that it was sad indeed to see her abandon the performance because of a foot injury sustained towards the end of Act 1. Edit Szabadi, who took over after a short interval, is also a remarkable dancer. Her approach seemed more superficial, *but she managed* the tricky mime scene beautifully. Though neither ballerina possessed quite the sort of charm we expect from Lise, they both transcended mere technique. It was especially satisfying to see how carefully they executed the delicate arm and hand movements.

Gyorgy Szakaly made an agreeable Colas, his dancing much surpassing his interpretation. Tibor Hichner gave Alain's choreography its full value, though he looked as if he was enjoying himself just a little too much; Laszlo Petho's agile though bland Widow Simone only came to life as he slapped his leg with glee before the clog dance. I have never seen the round dances better performed.

In Venice, The Munich Ballet looked a lacklustre company, and not able to cope satisfactorily with such a stylistically demanding work. Kiki Lammersen has neither the technical ease nor the interpretative *powers for Lise. David Bombana* has the spirit and devilry for Colas, but he needs to refine his technique a little further, particularly in jumps. The footwork of the ensemble lacked polish: the foundations are there, but a great deal of tightening up needs to be done if the work is to make its full impact.

At Modena I caught Aterballetto's new production of *Romeo and Juliet*. Amedo Amodio, the company's director, has concocted a somewhat bizarre version using a truncated version of Berlioz' dramatic symphony as accompaniment, interspersed with silence and a gabbled narration resembling Berio-type *sprechgesang*. Vladimir Derevianko executed a larger number of turns of various kinds as Mercutio, while Elisabetta Terabust shone in the two scenes of Juliet's desperation. Marc Renouard made a disappointingly pallid Romeo.

So far as new works are concerned, *Roland Petit's Ma Pavlova*, which is a co-production between the Ballet National de Marseille and the Rome Opera, must take pride of place. Officially the work set out to be a homage to Anna Pavlova, to Petit's "Ma Pavlova à moi" — Dominique Khalfouni — and to all the ballerinas for whom he had created leading roles. However, in order to appreciate the frequently inventive and original choreography, it was advisable not to take the stated aims too seriously as too many of the items resembled a parody of Pavlova rather than a homage (particularly with the men taking over not only as swans but as sylphides), and the majority of the movements had a much distorted classicism as their basis: flailing arms and jutting hips being constant features.

Also a lack of continuity bedevilled the work throughout. It was divided into 18 disconnected pieces, using music re-orchestrated by Edgar Cosma by no fewer than 12 composers, ranging from Chaikovsky, Beethoven, Chopin and Saint-Saens to Massenet, Satie and Padilla.

For the first few performances, Dominique Khalfouni was accompanied by four other dancers, all excellent, from Petit's Marseille company: her partner-husband Danys Ganio, Jean-Pierre Aviotte, Luigi Bonino and Jean-Charles Verchere. Khalfouni was amply able in the seven items made for her — particularly in "Ma Pavlova" "Thais," the "Trois Gymnopedies," and the cloyingly sentimental "Harlequinade" rearrangement (in which Khalfouni appeared with her husband and baby son) — but to display her magnificent technique and rare expressive range, she merits a ballet of which she is more clearly the focus.

Nelli Shkolnikova/Wigmore Hall

Dominic Gill

Nelli Shkolnikova won the Long/Thibaud Competition in Paris in 1953 while she was still a violin student at the Moscow Conservatory. A 12-year ban on foreign travel interrupted what seemed to be a promising international career; but after defecting to West Berlin in 1982 Miss Shkolnikova moved to Australia, where she now teaches and regularly performs. Monday night's recital was her British debut.

She is a Yankelevich pupil; the big clear tone and forceful manner are recognisably of the David Oistrakh mould. Not a *few years have passed, however*, since 1953; and for whatever good reasons, Miss Shkolnikova has evidently not quite been able to keep up the pace. Vitali's G minor Chaconne is a splendid party piece to open a programme, and she delivered it with solid charm, vigour, and plenty of muscular presence. What the performance lacked was wit, and style, and any kind of timbral magic.

Her account of Beethoven's Kreutzer sonata was sturdy rather than subtle — she ran through the variations genially, like well-loved lessons; the finale was exuberant and very fast indeed, but oddly without excitement. Prokofiev's D major sonata suited her bright, muscular manner better. Both of the opening movements, especially the quicksilver scherzo, gave a glimpse of the command there must once have been. But it was not in any of its qualities a performance to remember. Gordon Back was (and this time really was) her excellent, precise accompanist.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

February 6–12

Theatre

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T.S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

I'm Not Rappaport (Booth): The Tony's best play of 1986 won on the strength of its word-of-mouth popularity for the two oldsters on Central Park benches who bicker uproariously about life past, present and future, with a funny plot to match. (239 6200).

The Mystery of Edwin Drood (Imperial): Rupert Holme's Tony-winning resurrection of the unfinished Dickens classic is an ingenious musical with music-hall tunes where the audience picks an ending. (239 6200).

CHICAGO

Pump Boys and Dinettes (Apollo Center): Facetious look at country music and down-home country life with a good beat and some memorable songs, especially one played on kitchen utensils has proved to be a durable Chicago hit. (935 6100).

Ghost on Fire (Goodman): The latest play by Michael Weller, called the Chekhov of his generation for his intelligent sadness in plays like Moonchildren and Loose Ends, follows two college friends who try to rekindle their inspiration after making money in Hollywod. Les Waters directs Dawn Arnemann, Peter Aylward and Bill Cobbs. Ends Feb 14. (443 3800).

My Werewolf (Goodman Studio): Theatre X production written by John Schneider tells the werewolf legend as a 1940s horror movie, with all the exaggerations of romance, terror and eerie music, for the stage. Ends Feb 22. (443 3800).

WASHINGTON

Les Miserables (Opera House): The American tour that will end up on Broadway early in the new year begins in Washington as a celebration of the British musical's leap beyond its American forebears. Ends Feb 14. (254 3770).

Arsenic and Old Lace (Eisenhower): Jean Stapleton stars in the old chestnut comedy about two proper ladies who put poor men out of their misery while their nephew buries the bodies thinking he is Teddy Roosevelt building the Panama Canal. Ends Feb 14. Kennedy Center (254 3670).

Glengarry Glen Ross (Arena): David Mamet's cutthroat real-estate salesmen show off one aspect of the soft underbelly of American capitalism in its bastion of political support. Ends March 8. (488 3300).

SPAIN

Madrid, Where Is The Party by Dutch group Pigeon Drop. A series of sketches and gags by three actors and three musicians. A sort of pantomime, musical, cabaret show. Teatro Martin, Santa Brigida 3 (222 93 52), until end of March.

LONDON

Les Liaisons Dangereuses (Ambassadors): Christopher Hampton's masterly version of Laclos' epistolary novel is sexy, witty and wise, like a collaboration between Marivaux and de Sade. Howard Davies's sell-out pre-Revolutionary production for the RSC has moved from the Pit with Alan Rickman and Lindsay Duncan still battling and bitching over lovers and other riffraff. (836 6111, CC 836 1171).

Misalliance (Barbican): Rarely seen Shaw, and a much underrated play, given the full RSC works by John Caird, a Polish new woman crashing into the surrey conservatory in her monoplane. Jane Lapotaire sparkles alongside Brian Cox, Elizabeth Spriggs and newcomer Richard McCabe (628 8795, CC 638 8891).

The Phantom of the Opera (Her Majesty's): Spectacular but emotionally nutritional new musical by Andrew Lloyd Webber emphasising the romance in Leroux's 1911 novel. Happens in a wonderful Paris Opera ambience designed by Maria Bjornson. Hal Prince's alert, affectionate production contains a superb central performance by Michael Crawford. A new, meritorious and palpable hit. (839 2244, CC 379 6131/240 7200).

Woman in Mind (Vaudeville): Alan Ayckbourn's new comedy has a brilliant performance by Julia McKenzie as a dissatisfied housewife visited on her own garden lawn by an imaginary ideal family. Bleak but funny, hailed in some quarters as vanguard feminist drama; be not put off by that. (836 9987/5645).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

The House of Bernarda Alba (Globe): Lorca's last tragedy in a successful production transferred to the West End from Hammersmith. Nuria Espert, veteran Spanisch actress/director, has drilled a high-calibre cast led by Glenda Jackson and Joan Plowright into a near-authentic portrayal of steam frustration in an all-female household oppressed by both traditional catholicism and the peasant class system. Ultimately it's *all a bit British*, but the company provides a roll-call of some of the best actresses around – all eclipsed by the ineffably touching Julie Legrand. (437 1592).

Saleroom/Antony Thorncroft

Tattered Teddy is tops

The American obsession with Teddy Bears continues. At Sotheby's yesterday Archibald, not the healthiest looking Teddy, with holes in his pads and restitching in his neck, sold for £5,720 to a Pennsylvanian dealer, Richard Wright. It was an auction record for a Teddy, beating the £5,280 set by Sotheby's in Chester last summer.

Of course this creature, 27 inches high, was made by the celebrated German firm of Steiff around 1904, and carries the metal button in the ear to prove it. It also retains its "growl." Even so the high price caught the saleroom by surprise: the lot had carried a top estimate of £2,500.

A Leopold Lambert musical automation of a girl reading, made in France around 1880, with the head stamped with the prestigious Jumeau name and the music coming from Carmen, sold for £4,730 while the top price for a doll was the £4,620 paid for a Jumeau bisque doll of around 1870 by the Japanese department store, Seibu.

Other high prices in the auction of children's playthings were the £3,960 for another Leopold Lambert musical automaton, this time of a negro smoker, of around 1880, and the £2,970 for a Bru shoulder bisque doll of about 1885. A bisque-headed walking doll, pushing a baby, made in France around 1870, was bought by Wright for £2,860.

A carved Regency mahogany library table, expected to fetch between £6,000 and £8,000, was bought for £48,000 yesterday by an anonymous collector at Phillips' sale of furniture.

The sale, which produced some good results with many lots exceeding their estimates, totalled £434,790, with 5 per cent bought in. The London dealer M. Lipitch paid £21,000 for a set of five George III mahogany open armchairs which had been expected to realise up to £12,000 while a satinwood Empire escritoire (estimated at between £3,000 and £5,000) went for £17,000 to an anonymous buyer.

At Christie's, English drawings and watercolours brought in £158,601, with a rather high 16 per cent unsold.

Hoyland wins Athena

The largest art prize in the UK, the £25,000 Athena Art Award, has gone to John Hoyland for his abstract composition "Zoomin 15.7.86." Hoyland was the best known of the eight finalists; the seven runners up receive £1,000 each.

All the winners, along with the best of 2,000 entries, will be on show at the Barbican Centre until March 8, and many works in a vivid and effective show will be for sale. Athena is to produce limited edition prints of the works of the eight finalists for sale in its gallery shops. The others on the short list were Basil Beattie, Stephen Farthing, Adam Gray, Eileen Lawrence, Alan Miller, Lawrence Preece and Pam Skelton.

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Offending the green mafia

AS A FARMER, Mr Michael Jopling must have had a shrewd idea of his likely fate at yesterday's meeting of the National Farmers' Union; but to find that his proposals have apparently offended everybody from the gentleman farmers to the left wing of the Labour Party, taking in the conservationists and would-be planners on the way, gives him some right to complain that he is misunderstood.

In dealing with the troubles of the farmers themselves, Mr Jopling is largely but not entirely constrained by the oddities of the Common Agricultural Policy. This attempt to achieve a mixture of social and strategic objectives through the mechanism of a protected market was always unduly expensive, especially to urban consumers, but in its earlier years it did have a kind of rationality of its own.

Forlorn hopes

It has now been reduced to a shambles by a problem which its designers never envisaged—the explosion in farm productivity. This first created an unmanageable problem of surpluses — and raised farm incomes and land prices sharply in the process. The attempt to correct this largely through the price mechanism has cut incomes and values, and left the younger and the more dynamic farmers heavily burdened with debt.

The victims demand that Mr Jopling should at least secure an equal sharing of adjustment burdens among EEC members; failing this, they want support from the UK Treasury, which is also a forlorn hope. The taxpayer cannot be expected to pay more than a fraction of the income lost from excessive EEC subventions in the past. They have also demanded a greater freedom to work out their own salvation, and it is this proposal which has aroused the green mafia to fury.

Yet Mr Jopling's basic proposal is simply common sense. At a time when there is too much land under cultivation throughout the Community, development may still have to be controlled to protect the environment, to secure an orderly pattern, and to avoid overstraining transport and other local services; all these powers remain, and some it seems are to be reinforced. What does not make sense is to bar otherwise acceptable development to conserve land for farming.

The hysterical objections to this do little credit to anyone concerned. Some are trying to protect their relative isolation—the prime example of what the late Fred Hirsch called "positional goods." Some are concerned simply with prettification, with rather the same motives which led the pre-revolutionary French aristocracy to dress starving tenants in shepherds' smocks. The Greens themselves, with somewhat more justification, point out that there is nothing in the EEC measures or in Mr Jopling's package to discourage ever more intensive farming methods, which maintain the surplus while causing soil exhaustion and chemical pollution; the incentives do need to be adjusted.

It is the left-wing objectors, however, who speak for the real British atavism when they use "development" as a dirty word. The left-wing objection, at bottom, is simply that developers make a profit; the remedy here would be a sensible tax proposal, not an attempt to prevent all mobility. The centre and the right find recent development distasteful. They cannot see that this is quite largely due to excessive attempts to restrict it. Astronomical land prices produce mean, cramped building of a standard which would have been totally unacceptable in the much-maligned 1930s, when the real national income was a fraction of its present level.

It would be pleasant if one politician could find the courage to speak up for the ill-housed and the unemployed, and say that development is needed not just to give farmers a way of paying off some debts, but to improve labour mobility, and to give a much richer population that standard of housing it has some right to expect. Their aspirations should not be blocked by selfishness and sentimentalism.

Common sense on export controls

THE ANNOUNCEMENT by the US Commerce Department that it wants to relax controls over high-technology exports is a welcome sign that common sense is finally prevailing to restore the balance in a policy area in which ideological zeal has played too large a role in recent years.

There are sound reasons why the most strategically sensitive Western technologies need to be kept out of the hands of the Soviet bloc. But since the Reagan Administration came to office, the Pentagon has pushed the policy to extremes by insisting that controls be extended to many commercial technologies and products.

The cost, in commercial and political terms, has been significant. While Western European companies have, in practice, rarely been refused US technologies, licensing delays have created disruptions and uncertainties. Furthermore, many European governments have chafed at what they regard as US efforts to apply national laws overseas.

The decisive factor behind the Commerce Department's change of mind, however, has been the realisation that US industry has become one of the policy's prime casualties. According to the Washington-based National Academy of Sciences, lost exports have cost the US 188,000 jobs and annual revenues of $9bn. That message has been driven home by intensive lobbying by US business.

Moreover the US leadership in high-technology implicitly assumed by the controls philosophy is increasingly in question. Ironically, American semiconductor manufacturers are now pleading with the Pentagon for financial support, arguing that their competitive position is so weak that their ability to continue supplying military chips is in jeopardy.

National competitiveness has emerged in th past few months as a dominant theme in Washington. The Department presumably hopes that, by loosening export controls, it can seize the initiative in the political debate and head off pressures from the Congress to correct the trade deficit by erecting further import barriers.

In principle, it seems ready to take quite sweeping action. It plans to curtail the controversial controls on re-exports of technology by other members of Cocom, the Western club which vets sales of strategically sensitive technology, and to put more trust in allied governments to ensure that remaining controls are enforced. It also plans to lift controls on exports from Cocom countries of technologies which are generally available from other sources, such as the Pacific Rim region.

Both America's business community and its allies will want to see the fine print before applauding the proposals unreservedly. European governments, in particular, would also like to see evidence of US support for an overhaul of Cocom's cumbersome procedures, to ensure that the list of restricted exports is kept to a sensible minimum.

However, the US moves broadly point in the right direction and go a good way to meeting many of Europe's objections. As well as urging the rest of the Reagan Administration to support the proposals, European governments also need to consider carefully how to respond.

Soviet opportunities

Fear of being cut off from US technology has increasingly led Europe to turn to policies aimed at stimulating self-sufficiency on this side of the Atlantic. The proposal to bar US companies from supplying components for the European military aircraft project is only the latest example. Such policies were always questionable in terms of cost. Removal of obstructive US export controls should render them completely unnecessary.

The second priority arises from the possibility that a US shift on controls might presage a more liberal attitude towards expanding trade with the Soviet Union. The Gorbachev economic reforms are creating many new commercial opportunities for Western companies, which US industry would increasingly like to be free to exploit.

With national competitiveness high on the US political agenda, such a policy change in Washington cannot be conclusively ruled out. There is a precedent in the US decision three years ago to press for the removal of many restrictions on Western exports to China.

Unfortunately many European companies were taken by surprise and were left standing as better-prepared US competitors moved into the Chinese market. If European industry wants to avoid being left out next time, it had better start laying its contingency plans now.

EDUCATION

THE CORE CURRICULUM LESSONS PER WEEK

JAPAN Elementary school pupils

Subject	Grade 1	2	3	4	5	6
Japanese	8	8	8	8	6	6
Social Studies	2	2	3	3	3	3
Arithmetic	4	5	5	5	5	5
Science	2	2	3	3	3	3
Music	2	2	2	2	2	2
Art & Handicraft	2	2	2	2	2	2
Homemaking	—	—	—	—	2	2
Physical Education	3	3	3	3	3	3
Moral Education	1	1	1	1	1	1
Special Activities	1	1	1	2	2	2
Total number of required class periods	25	26	28	29	29	29

Source: Japanese Ministry of Education, Science and Culture.

W. GERMANY Hauptschule, N.-Rhine Westphalia

Subject	Year 5	6	7	8	9	10
German	5	5	4	4	4	5
Social Studies	3	4	3	3	4	3
Mathematics	4	4	4	4	4	4
Natural Sciences	4	3	3	3	4	4
Foreign Languages	5	5	4	4	4	4
Technical Skills/ Economics	—	—	3	3	3	2
Music/Arts/Crafts/ Textiles	3	3	3	3	2	2
Religion	2	2	2	2	2	2
Sport	3	3	3	3	3	3
Options	—	—	2	2	2	3
Orientation	1	1	—	—	—	—
Total	30	30	31	31	32	32

Source: UK Department of Education and Science.

The lessons others can teach Britain

By Joe Rogaly

BRITISH education is in a mess and likely to stay that way for at least another generation, despite the efforts of such right-minded Ministers as Mr James Callaghan, Sir Keith Joseph and Mr Kenneth Baker. The reason is that we have no nationally agreed philsophy of education, and governments cannot do much about that.

This proposition can best be explained by looking briefly at recent history and then at what Britain's major competitors have been doing. Take the history first.

When Sir Keith Joseph was appointed Secretary of State for Education in 1981 he came slap up against the wilful inertia of a department whose sole perceived purpose was the provision of school buildings.

He was, however, ready. First, he had the wholehearted support of the Prime Minister, and everyone knew that he had it.

Second, the focus of the debate had been shifted for him by a Labour Prime Minister. For Mr James Callaghan started a national debate on education that is not yet complete when, in a speech at Ruskin College in October 1976, he introduced the then radical notions of standards and accountability. Shirley Williams, as Labour Minister and Mark Carlisle, her Tory successor, took this forward by daring to discuss the *curriculum*.

Third, Sir Keith had his little green book, "Lessons From Europe." Subtitled "A Comparison of British and West European Schooling," it was published by his own Centre for Policy Studies, and written by Max Wilkinson, then education correspondent of the Daily Mail and now Resources Editor of the Financial Times. "Sir Keith said there must be some connection between our comparatively poor performance in industry and our progressive education system," recalls Mr Wilkinson. "He asked me to have a look and see what came of it."

Of course, no such connection could be proved, although it was easy enough to make the assumption. This is an important point to clutch hold of, as we take the story on. Sir Keith handed copies of his little book to his civil servants. He instructed them to read it, with the consequence that the study of other countries' education systems has now become fashionable.

In November 1985 the department published its own "Selected National Education Systems," potted descriptions of education in France, Italy, Japan, the Federal Republic, the Netherlands, and the US (the first five enjoy national standards). Her Majesty's Inspectors of Education reported in detail on the Federal Republic last year. They have also visited France, but their manuscript was too inconclusive to publish, so they are preparing to brave the crossing again this autumn.

What they will find is a national curriculum introduced by Jean Pierre Chevènement, a Socialist Education Minister, that is unlikely to be much disturbed by his conservative successors. The Chevènement reforms were virtually all in place save for the two years immediately preceding the school-leaving *baccalaureat*, when the government was changed following the March 1986 election.

The reforms replace a curriculum previously regarded as too soft. It is all set out, in precise detail, in a paperback published by the Ministry. For example, in the first year at primary school, every child is taught French for some 10 hours per week. Mathematics is given six hours, history and geography a joint hour, civic education a further hour, science and technology two hours, and music and the arts a further two. The remaining five hours are used for physical education.

Parents who buy the paperback will not only be aware of this, they will also be able to see what is expected of their children, the teachers and the school. Thus, to take a small detail among many, those very young primary school children will without doubt be taught tenses of French verbs and the use of *être, avoir, faire, aller, dire, venir* and *prendre*.

In mathematics they will learn addition, start on mental arithmetic, familiarise themselves with diagrams, use rulers and complete a long list of similar exercises. In science they will learn the properties of basic materials, and how to use simple equipment; in history they will be taught about time and in geography about their immediate environment. Civics encompasses the rules of hygiene, respect for their books and classrooms, and the significance of the French flag, the anthem, and the 14th of July.

Plainly this is all extremely French: they appear to have a national philosophy that provides for the pumping-in of both the language and nationalism at an early age. Those on the British left who make the obvious remarks about that may also note that in the same curriculum, for the same six-year-olds, there is provision for teaching recognition of (a) the rights of others and (b) the equality of all races and both genders.

Those on the British Right who cheer the emphasis on verbs and basic arithmetic will thus see that it goes along with instruction that in this country is derided as the monopoly of the Loony councils. By the time the children are in the 9-11 age group they are taught two declarations of the rights of man—1789 (naturally) and 1948. It wouldn't be France if they were not also told about national defence in the same context as their version of Peace Studies.

West Germany is at least as rigorous, although, as a federation, it has a separate system for each of the 11 states (including West Berlin), plus a system of national co-ordinating councils. A state curriculum can take many years to evolve, in consultation with representatives of parents, trade and industry, and possibly even teachers.

The result is published in enormous detail. For example, in the sixth year of *Hauptschule* in North-Rhine Westphalia, a pupil must be set at least eight written tasks in German, plus a further eight in mathematics and six in English.

In secondary school the number of hours per subject is nationally agreed, as the basis for the states' mutual recognition of leaving qualifications. As to the use of those hours, each state declares the content and topics for each year in each type of school (they have very few comprehensives) and lays down which skills are to be taught. Everything starts with an exposition of the aims of the subject.

Her Majesty's Inspectors note that the essence of the matter is periodic assessment by teachers of written work and of pupils' ability to talk intelligently in class, "all within a common body of knowledge." Future prospects in a school are decided in conference by all teachers with the headmaster present. The rules are clear, and centrally-defined. Evidence can be called for. There is a scale of grades from *sehr gut* at the top to *ungenugend* at the bottom.

But here we are back again to the philosophy of the matter. To English eyes the grade scale is sketchy, says HMI—yet because it has been in place for 30 years it is understood by German teachers, pupils, parents, employers and universities. "It is also built on a system which had existed for a century."

On my visits to West German schools I have felt this sense of generally accepted purpose: the teachers are respected professionals, and there appears to be much agreement on what education is for.

At first sight is seems that there is less agreement in Japan. They are in the midst of a national debate about education, led by Yasuhiro Nakasone, their Prime Minister. Of course their curriculum is national, but it is planned that by the early 1990s it will be altered. That will make the fourth major change since the US occupation ended in 1952. The new version will be more flexible, but to use that as an argument against central control of the curriculum in Britain is absurd. The Japanese start from the other end of the spectrum.

As soon as a Japanese child arrives in first grade he or she is taught how to rise and bow at the beginning of class, how to sit, and how to arrange the desk-top for study. The children are grouped in *han* of four to six, and from day one you are taught that it pays not to let your *han* down by poor behavior. Monitors make certain.

This quintessentially Japanese method is described in detail in a comprehensive report on education in Japan prepared by a panel of US education specialists. Their study was arranged by Mr Nakasone and President Reagan. Their report, published by the US Department of Education at the beginning of this year, is important evidence that (a) Japanese methods cannot be transplanted in the UK and (b) Britain had better learn what it can from these methods — and quick.

The commitment to learning is total. Family suport is ingrained in the culture. The assumption is that every child can learn what is prescribed, if only he or she would work a little harder. What is prescribed is detailed, uniform, and incrementally rigorous. There are private crammers, and the system produces failures, but it produces very large numbers of sucesses. (The suicide rate has fallen, so that it is now lower than for similar age groups in the US.)

You can read this long, totally absorbing report in one of two ways. You can look for the faults, and note that the Japanese themselves are now concerned in their current reassessment about the prevalence of rote-learning, the low standards of university education, the absence of imagination and the like. That is one way.

The other is to observe that by most international measurements they come top in important subjects like mathematics and basic science. Their fundamental belief is that hard work, diligence and perseverance will overcome obstacles. Their system is designed to teach all children to read and write in both of the 48-character phonetic alphabets in daily use, plus Chinese characters, which are learnt by heart at the rate of 200 a year.

There is a counterpart report: the Japanese group's assessment of American education. This is very polite, and notes that states are taking the initiative in reform. "Serious consideration is being given to results in terms of many . . . measurements." There is talk of uniformity, standards, and cognitive learning. It reads just like a report on Britain.

And there lies the rub. When traditional British education was attacked by progressive teachers in the 1960s, the same was happening in the US. Both English-speaking countries are now looking for new ways. The common handicap is that neither starts with a basic philosophy. The Germans have their Bismarckian foundations, the French their Napoleonic roots. Other West European countries, from Sweden to Italy, have drawn from both. The Japanese have a uniquely homogeneous society and an especially disciplined culture.

Britain has none of this, and many in its educational establishment proclaim that they are proud of it. The talk is of diversity, and independence, and the freedom to teach. It is on such ethereal soil that Mr Baker's proposed reforms, which will be discussed in an article tomorrow, will have to be built.

Men and Matters

In time and space

Whitehall is making a remarkably leisurely approach to its policy on doing things in outer space. It may be, of course, that Mrs Thatcher and her colleagues have enough purely terrestrial problems to worry about.

But tell that to Britain's fledgling space industry which has been waiting on tenterhooks for eight months for the Government to publish a grand strategy document on space policy.

The draft plan, drawn up by officials at the British National Space Centre, was presented to ministers last July. It says that over the next five years, Britain should increase its annual spending of £100m on civilian space technology by about 70 per cent.

Geoffrey Pattie, the industry minister, promised publication of the ratified plan by the end of December. But ministers have still not made up their minds, and Britain's space officials are fretting over whether the plan may be thrown out or considerably diluted.

"Think of it—a huge theme park showing the city dwellers what the countryside was really like"

It all runs true to form. No UK government has shown any urgency about space matters. Britain did not even get its own space agency until 1985, four years after a Cabinet Office think-tank report had urged such a move, and no less than 18 years after such a body had first been suggested by a Commons committee.

Waterworks

There is no gainsaying the Italian desire to break into every possible international act. The Government may still be hammering on the door to the Group of Five finance ministers but the Fondazione Fiuggi has decisively seized the spotlight in the international prize giving arena.

Its president, the ubiquitous Italian foreign minister Giulio Andreotti, has just announced a L500m prize (£253,164) to be awarded every three years. The first recipient of what is claimed to be the largest prize of its kind (the Nobel works out at a modest £215,000) will be rewarded for services to the fields of medicine and biology. The 1990 prize will cover a different sphere of activity.

Acknowledging that it has left it a bit late, Fiuggi has scattered 1,500 nomination forms to universities, research institutes and other likely catchment areas for return by March 15.

Its jury glitters with four Nobel winners, Daniel Bovet (Italy 1957), John Eccles (UK 1963), Renato Dulbecco (US 1975) and Rita Levi-Montalcini (Italy 1986), together with top Soviet, Brazilian, Swedish and French scientists.

All of which should encourage you to raise your glass next time you fill it with Fiuggi mineral water. The company created the foundation in 1983 to help promote the mineral springs of Fiuggi which are 50 miles south of Rome and are said to have worked miracles on more than one near-terminal case of gout.

Fly and buy

I know air fares for the business traveller are pretty steep. But until now I had never heard of the price of the ticket actually including a piece of the airline.

Between now and the end of March, however, a London travel agency, Passport Travel, will be offering 10 free British Airways shares (in their partly-paid form) to every client booking a full fare on a British Airways overseas flight, or a holiday package which uses the airline.

At current prices that represents a discount of about £10. The recently-issued partly-paid shares, offered at 65p, are being traded on London's grey market for around £1.

Designer rice

Rice isn't everyone's idea of the most exciting cereal. But two Americans, visiting London this week to see the big food groups, claim they can whet western appetites for it.

Dick Laster and Rod Sharp are the principals of a US research company, DNA Plant Technologies of Cinnaminson, New Jersey, which is specialising in radical changes to crop characteristics.

Laster readily agrees that rice, as we know it, is "unbelievably uninteresting," but argues that therein lies the challenge. He points to rarer rices with distinctive flavours such as one popular in the Middle East, which gives off a nutty aroma as it is being boiled.

Sharp, the scientist in the partnership, believes that the biotechnologies he has already demonstrated, making a tomato that bounces, and celery free from those irritating strings, can give rice both flavour and colour.

Their company is already working with a US rice-growing business, Farms of Texas, run by an ex-ICI Englishman, Robin Andrews. The money behind Farms of Texas comes from the Prince of Liechtenstein Foundation and the International Paper Company.

I'm not sure how to greet a prospect of rice pudding in assorted flavours.

Red suits

International fashion shows may soon resound to the strains of The East is Red, as Chinese models take to the catwalk in the high-button jacket and trousers which the West calls the Mao suit.

Why couldn't this outfit be displayed abroad to show off China's national culture? the People's Daily has asked. "The making of this costume needs a high technological level."

Much worn by officials until the 1980s, the Mao suit has always been symbolic of old-style Chinese communist values. In the current chill following the dismissal of party boss Hu Yaobang (who himself favours western dress) it is no surprise to find a demand for Chinese fashion subtly reflecting the new political realities.

In fact it was Dr Sun Yat Sen, leader of China's 1911 revolution, who invented the suit—which is properly called the Zhongshan suit, after his birthplace.

The People's Daily relates how in 1923 he suggested that the coats then worn by overseas Chinese should be crossed with a western outfit by adding a stiff collar and four outside pockets.

Observer

Stewart Fleming talks to House Speaker Jim Wright about his plans for a Democratic Party offensive

A boxer prepares to slug it out

PRESIDENT Ronald Reagan turns his back on the nation-wide television audience awaiting his State of the Union address and, with all the charm and grace for which he is renowned, shakes hands with the beetle-browed figure behind him.

The gesture, in the chamber of the House of Representatives, marked the formal opening of hostilities between the ageing and embattled President and James Claude Wright Jr, the wiry 64-year-old Second World War bomber pilot who was elected Speaker of the rumbustious lower chamber of Congress last month.

To the former amateur boxer, such preliminaries are familiar. They will have served to reinforce his determination to build his reputation on the grave of Ronald Reagan's ambitions. What Mr Reagan thinks of the silky-toned orator from Fort Worth, Texas, who has taken on the role of spokesman for the Democratic Party while it awaits the emergence of a presidential candidate, is not on record. However, Mr Wright barely conceals his distaste for a president whom, two years ago on the floor of the House, he accused of spreading lies.

The new Speaker responds to the idea that the great achievement of Mr Reagan's presidency is to lift the spirits of the American people with this: "He is such a positive thinker he is capable of creating a self-psychology that simply rejects unpleasant facts. . . . He has lulled our people into a false sense of well being."

With the Democratic Party in control of both Houses on Capitol Hill, Mr Wright senses that the collapse of Mr Reagan's legislative influence is opening up a vacuum in Washington's power structure. His goal is to fill it, and to do so in part by demonstrating that, under his leadership, the House can pass legislation tackling the nation's problems.

If he succeeds, he will have continued the rebuilding of the Speaker's power begun, falteringly, by his predecessor, Thomas "Tip" O'Neill, who retired from Congress in December after 10 years in the chair. He will also have strengthened the influence of the House and of Congress in its ceaseless rivalry with the presidency.

More immediately, if Mr Wright can marshall the fractious forces of Democrats in the House and, with Senate majority leader Robert Byrd, co-ordinate the agendas of Democrats in both chambers, he will have achieved his first goal. That is to establish "a solid record of achievement" on which the party's presidential candidate "can proudly stand" in 1988.

In the process, the Democratic Party could seize the opportunity to reverse almost two decades of drift, during which its relationship with the American people has been strained, first, by tensions over civil rights and the Vietnam War and then, at the end of the 1970s by the inflationary economic policies of President Jimmy Carter.

In the past few days, with Republicans screaming that the Democrats were "President-bashing," Congress handed Mr Reagan a stinging defeat. It overrode his veto of a clean water bill which the Democratic leadership had carefully selected as the first piece of legislation to put on the President's desk.

The water bill was just the first in a succession of initiatives moving rapidly through the House under Mr Wright's guidance. But it symbolises the philosophy of a man who fiercely rejects Mr Reagan's aim of minimising the role of government in society.

"Jim Wright is different from Tip O'Neill. O'Neill never initiated much legislation, he responded to what others initiated. Wright has personal policy commitments. He is likely to initiate legislation and he will stick his neck out even if he is out of tune with the Democratic caucus," says Mr Steve Smith, a political scientist at the Brookings Institution, a Washington think tank.

After dropping out of college at 19 to fight for his country in the Pacific, Mr Wright became four years later the youngest person in the Texas state legislature. At 31, he won his first race for Congress and arrived in Washington, where he quickly built a reputation as a maverick social liberal among the conservative Democrats from the Lone Star State.

He traces his liberal social principles to the Great Depression and to the positive impact of President Franklin D. Roosevelt's interventionist policies. "We used to refer at home in wry jest to 1931 as the year we ate the piano."

As a southerner with a record of hawkish views on defence issues (he supported the Vietnam War to the end), the Speaker has been busily reassuring the liberal north-eastern wing of the Democratic Party.

Even O'Neill loyalists, such as his former general counsel Mr Kirk O'Donnell, feel that the change from Mr O'Neill to Mr Wright is well timed, given the key role the south will play again in the 1988 election.

As the congressional session opened, the House Democrats shrewdly pushed as their first priorities bills—including clean water, homelessness and highways—which would highlight traditional Democratic themes and minimise the risk of divisions in their own ranks, while forcing many Republicans to choose between loyalty to their president or to their constituents.

As far as possible the Democrats will want to continue this strategy. But Mr Wright has taken a controversial stand on one potentially divisive issue which they cannot duck, the federal budget deficit; and it is a stand which contrasts with the cautious approach of his predecessor.

To the dismay of many of his colleagues, including the powerful chairman of the ways and means committee, Mr Dan Rostenkowski, Mr Wright suggested a postponement of tax cuts for the better off in the new tax law—which Mr Rostenkowski had shepherded through the House.

Wright: assertive style of leadership

The implication is that Mr Wright believes that now the Democrats control both chambers of Congress, they cannot — as before — sidestep the deficit issue and may have to propose some form of tax increase to tackle it. He says that to hide from the reality that reducing the deficit requires a combination of spending cuts and revenue increases "is a great disservice to the nation." No less difficult, and potentially divisive, will be decisions on how funds are to be spent in an era of budgetary restraint.

Among Mr Wright's priorities are education, training, and research — topics which the Democrats are including in their proposals to toughen up US trade laws and boost competitiveness, which many Republicans are expected to back.

In one area of the budget, defence spending, Mr Wright may benefit from signs that divisions among House Democrats have narrowed. Arguments are gaining ground that slashing defence spending to reduce the budget deficit will only reinforce damaging voter perceptions that the party is weak on defence.

The Speaker himself, once seen to be on the right of the party on defence issues, is now perceived to be shifting towards the centre. "It seems to me both the US and the Soviet Union are reeling beneath an oppressive burden of military expenditures which suffocates our capacities to do those things which are needed for our people," he says.

The apparent inability of the Reagan Administration to reach an arms control agreement with Moscow is something the Democrats are aiming to exploit.

As he seeks to unite the House behind his more assertive style of leadership, the Speaker has some clear advantages. Unlike his predecessor, he is not facing a popular president at the peak of his influence and his party is desperately anxious not to let slip its opportunity by bickering.

In seeking to meet this challenge, the sometimes impetuous and hot-tempered Speaker has around him a team who, says one House member, can act as a brake—provided he listens to the advice.

The UK economy

The jobs crisis goes on whatever the figures say

By Richard Layard and Andrew Clark

THE UNEMPLOYMENT rate is falling. So, one might suppose, the job scene is improving, but alas, the evidence suggests otherwise. Since August, the proportion of people in work appears to have altered little. Unemployment has fallen mainly because people have been pushed off benefits and thus off the unemployment count.

Until August there was a steady rise in the proportion of the population of working age which was in the labour force. This includes the employed and the registered unemployed, and is shown in the top line of the graph. Then suddenly from August this proportion began to fall and continues to do so.

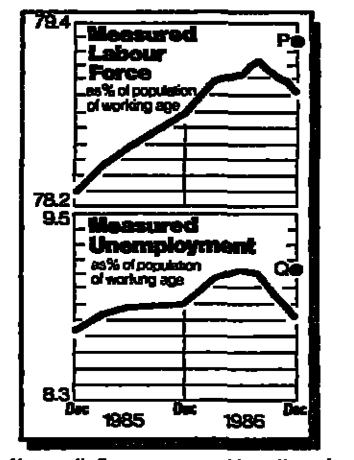
This is extremely fishy. There is every reason to suppose that the true trend in the desire for work continued as before. In that case by December the true measure of the labour force (on the old definition) was at point P. If we then subtract from this the numbers in work, we are left with a number unemployed (on previous definitions) shown at point Q. This is exactly identical to the unemployment in August and there is then no real fall in unemployment to report.

So why would the trend of the measured labour force reverse itself so dramatically last summer? The most obvious reason is one that the Government has also given—the "success" of the Restart programme, under which long-term unemployed are called in for counselling and case review at regular intervals. But the "success" has not been an increase in jobs. It has been a fall in the numbers on benefit.

No evidence has been produced so far to show any effect of Restart on jobs. But there is evidence from the Restart pilot scheme that roughly 10 per cent of those called for interviews left the register who would not otherwise have done so. This is consistent with the fall in the official unemployment figures. Since July roughly 1m have been interviewed and unemployment has fallen (up to December) by 100,000. Restart must have been one major factor.

In addition, in October, the Government introduced a new, and more detailed, availability-for-work test. In the pilots for this, the numbers claiming benefits were reduced by about 4 per cent and an additional 2 per cent or so had their claims refused. So this has become an additional force reducing the numbers on benefit. These will almost certainly continue to fall as the coverage of Restart and the new work test expands.

In the meantime, the job scene remains unchanged. In computing our figures for employment we have leaned over backwards to present them in the most favourable light. First, we have included, as jobs, positions on the Community Programme, which have expanded by 80,000 in the past year. Second, we have made no allowance for the growing proportion of part-time and temporary jobs, all of which are included in our employment total. Third, we have followed the Government in projecting a growth of self-employment of 180,000 since June 1985—this being an extrapolation of earlier trends.



Note: all figures seasonably adjusted; unemployed excludes school-leavers; labour force=employed + unemployed.

It is by no means clear in what sense the self-employed should be included in an index of job opportunities, but we have included them. Even on this extraordinarily generous basis employment has virtually stagnated.

If we exclude the self-employed and those on the Community Programme, the numbers in work have not risen in the past year. As a proportion of the population of working age they have fallen substantially. And fewer of them than ever are in regular full-time jobs.

So the performance of the job market looks pretty dismal. But, some would say: "Surely the labour market is quite tight? We know this from the evidence of skill shortages." What evidence? The most obvious source of information is employers. Yet only 9 per cent of manufacturing employers tell the Confederation of British Industry that their output over the next four months will be limited by shortages of skilled labour. This is less than in any year between 1964 and 1979. In those years the average proportion was 25 per cent.

Though skill shortages are crippling in some industries in some areas, there is no evidence that the general situation has worsened. In fact, according to employers, skill shortages in 1986 were less than in 1985 and are now lower still.

The story of registered vacancies does differ from this. The stock of registered vacancies (excluding the Community Programme) rose by 32 per cent during 1986. But one cannot infer much from these figures. The total flow of new vacancies reported has risen by only 10 per cent and many of these are for part-time jobs. It is safer to rely on employers' own assessments of the job market.

These are even more striking in relation to less skilled labour, where only 1 per cent report shortages of labour. So much for the story that unwillingness to work is the major factor limiting expansion. The truth is that ever since 1980 the labour market has been more slack, with more excess supply of labour, than at any time since the peak of the great depression.

The greatest danger now facing the country is that people will say: "Thank God, unemployment is now falling. So we can forget about that problem." We cannot. The lack of jobs is as acute as ever.

Richard Layard is Professor of Economics at the London School of Economics and head of its centre for labour economics; Andrew Clark is a postgraduate student and research assistant at the LSE.

Letters to the Editor

Leave well alone

From Mr E. Newman,

Sir, — We are well served by a robust and highly ethical auditing profession and despite aspersions about conflict of interest and payment by management, there is no evidence to support a claim of lack of independence (your Editorial, February 6). Why *fuss about* the remote possibility of something going wrong when present practice is working well and is best left alone?

There is little criticism of auditing standards, but a change of auditor every five years could well affect attitudes in an undesirable way. Do we wish auditors to concentrate on touting for business from prospective clients?

E. S. Newman,
17 Briar Hill,
Purley, Surrey.

Independence of auditors

From Mr G. Simon

Sir,—In your Leader "Independence of the auditors" (February 6) you comment that the real problem with the proposed rotation of auditors is that whereas management derives benefit where the accountants' audit experience is put to use in tax consultancy and suffer greater expense if a succession of auditors is to recoup additional learning costs, the benefit of more effective auditing accrues not to management but to the shareholders. Surely the benefits of an accountant's skill in tax matters and the detriment of increased expense in training new auditors affect the shareholders just as the possible benefits of more effective auditing affect shareholders?

You continue by criticising institutional investors who have so far not seemed to be very interested in what you describe as "better auditing." This may be explained by the fact that institutional investors have auditors too and are therefore, well able to judge the value (if any) of rotating auditors.

To many businessmen the idea of the perpetually spinning accountant will be a source of some pleasure! But the concept makes me wonder whether this enthusiasm for ever more elaborate auditing standards explains why we have in this country more accountants in relation to the number of people in business than anywhere else. Does it do us any good? In the United States it is the lawyers who have the dominant professional influence on business — in Germany it is the engineers and bankers. Since businesses in the United States and Germany seem to be much more successful than they are in Britain, would it not be a good idea to reduce the amount of time that UK management have to devote to the theology of auditing so that they can devote more time to the business of producing the goods and services their customers are sold?

Of course, many of my best friends are accountants . . .

G. M. Simon.
Manor House,
Aston Magna,
Nr Moreton-in-Marsh, Glos.

World trade imbalance

From the Treasurer,
Labour Economic Policy Group

Sir,—There is no evidence to suggest that the huge imbalance in world trade will be corrected in the absence of import restrictions and/or a further substantial increase in the value of the DM and the yen against sterling and the dollar.

In 1979 the dollar was just about holding its own against the DM and the yen for the first time since 1949, but the subsequent increase in the value of the dollar as a result of the change in monetary policy raised the deficit on visible trade from $40bn in 1979 to $170bn in 1986. Exports and imports of manufactures fell by 20 per cent and increased by 104 per cent, respectively, compared to the increase in 25 per cent in exports by the main manufacturing countries, the difference representing losses of trade worth $71bn and $113bn.

The clear implication is that the US deficit on current account will not be closed unless imports of manufactures are reduced by 27-29 per cent ($80bn-$85bn) and exports increased by a third ($55bn), requiring an improvement in the bilateral balance of $47bn versus Japan, $21bn v West Germany, $5bn v Italy, $2.5bn v France and $1.5bn v the UK *to restore the trade position to* what it was in 1979.

The gap will not be closed at the current rate of exchange. The real rate against both the Deutsche Mark and the yen has risen at least 15 per cent since 1979 and to this must be added a substantial premium to allow for rebuilding market share and for the huge growth in unfair competition from the EEC in most of the fields in which the US had a comparative advantage.

The imbalance in the case of sterling is even greater. The UK share of MMC exports of manufactures rose a little after WW2 and then fell by well over half to 10.6 per cent in 1970. The increase of 67 per cent in the volume of UK exports between 1970 and 1986 was little more than half of the MMC figure of 127 per cent and little more than a quarter of the import figure of 240 per cent. The difference in this case represents a loss of trade worth $19.6bn and $65.3bn respectively, far more than is needed to make up for the loss of 2.9m jobs in manufacturing since 1970.

There is some evidence to suggest that the decline might have been arrested after the fourth quarter of 1976 if the real exchange rate had not been forced up as a result of intervention by the Bank of England to stop interest rates from falling, but the reality we now have *to face* is that the real rate has since gone up by 20 per cent versus the Deutsche Mark, 17 per cent v *the other EMS* currencies, 16 per cent v the yen, and 7 per cent v the dollar, to which must be added a substantial margin to rebuild market share and to compensate through a lower exchange rate for the heavy damage which membership of the EEC has inflicted on our trade and payments.

Shaun Stewart.
72 Albert Street, NW1

Ideal European opportunity

From the National Organiser, Technical, Administrative and Supervisory Section, Amalgamated Union of Engineering Workers

Sir,—It should come as no surprise that the US is "gunning for a fresh transatlantic dispute" (February 2) by interfering in the internal affairs of Airbus Industrie with the eventual aim of restricting sales throughout America.

In the last year, US companies have been allowed to *take over Westland Helicopters* and defeat the British Nimrod early warning aircraft system. Now the Reagan administration is demanding that the Airbus consortium should be privatised. All this indicates that the US already sees Europe as a junior partner and ripe for further colonisation.

Yet with Airbus Industrie, Europeans have an ideal opportunity to challenge and reverse this unhealthy trend. Already, the early success of the A320 has made inroads into the aero industry monopoly held by Boeing and McDonnell Douglas. Sales of the A320 have already paid back the Government's £250m loan.

To restrict Airbus Industrie's potential would be bad for Europe and even worse for European industry. Airbus must press ahead with development of both the A330 and A340 — and it must do so with the assistance of European governments, independently of the US.

The A340, in particular, will enter a market of over 1,300 aircraft worth around £80bn. The value of its potential sales is greater than that of the A330. The two aircraft are also inextricably linked, relying on many common features including the British designed and built wings. By 1994 this could secure 25,000 jobs in Britain.

The current debate indicates two things. The Americans will continually attempt to undermine a European industrial base. Their stated aim of a free market society is simply so much bluster and humbug. When the chips are down they are more protectionist and imperialist than any nation.

US aero industry companies are not interested in free *market competition.* Hence their crude strategic attempt to get Airbus to drop plans to build the A340, collaborate on the MD-11 and allow the Americans to join in on the A330. This would simply have allowed the spread of US influence in Europe to continue.

Geoffrie Pattie has stated that the case for launch aid will be "carefully judged on its merits." There was too much of this attitude over the A320, which took two years longer than it should have done to get the go-ahead. I think the case is proved already. We need an urgent government decision to assist with the "repayable" launch aid now — not in two years' time. European technology and political and economic independence are at stake.

C. Darke.
64-66 Wandsworth Common,
North Side SW18

Budget crisis in the EEC

From Mr J. Cameron

Sir,—We expect you to think further ahead than the majority of your readers. Please, too, would you choose your words with greater care. "Scandalous farm surpluses" (Leader, February 6) indeed: the scandal is the taxation to support them.

Some people may eat too much, slow down, and die early. No greater disaster than this has struck the overfed. Shortage of food, however, is another matter.

Eliminate all surpluses and stand by for a poor world harvest: then millions now without jobs will join the millions without food.

"Bite the bullet" indeed! Please think further ahead and choose your words more carefully.

John C. F. Cameron.
Clunemore Farm,
Killiecrankie,
Pitlochry, Perth.

FINANCIAL TIMES
Wednesday February 11 1987

Steven Butler looks at the Wall St Journal's firm stance against criticism

Drawing the line in Singapore

ONCE AGAIN, the Western press has fallen foul of the Singapore Government.

On Monday, the Government declared that the Asian Wall Street Journal was a newspaper "engaging in the domestic politics of Singapore" and summarily cut its circulation from 5,000 to 400.

A similar case was made against Time magazine last autumn, when Time's circulation was cut initially in half to 9,000 copies and then to 2,000 on January 1, but the order against the Asian Journal has provoked far more anger among the island-state's large community of foreign businessmen.

"This just reinforces the impression that there is arbitrariness in the Singapore Government," a banker said yesterday, "and this will always put them second best to Hong Kong."

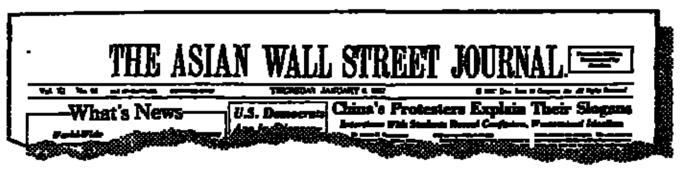
Bankers and lawyers want to know why a dispute between the Government and the Journal has led to them being cut off from a main source of news about international business, and some talk of finding surreptitious means to obtain copies of the newspaper. This would be illegal.

The case has an ironic twist, since the article that led the Government to conclude that the Journal was engaging in politics, was not about *politics* at all. It was about business news and, in particular, the new second-tier stock market, the Stock Exchange of Singapore Dealing and Automated Quotation System (Sesdaq).

The Government says that a December 12–13 article by Mr Stephen Duthie, the Asian Journal's Singapore correspondent, defamed the Government with "malicious insinuations that the Government was planning to cheat its own citizens."

The basis for this appears to be a statement that faithfully repeated a widely-held view among the local financial community that "the Government will use the new exchange to unload state – controlled and government-backed companies."

From this statement, plus other items in the article, the Government says that Mr Duthie implied that "Sesdaq was being foisted on the Singapore financial scene by the Government, in order to preside over the disposal of dud companies to its own citizens."



The article *certainly* did not say this expressly, and it is by no means the only interpretation of what the article meant. Indeed, Mr Fred Zimmerman, editor and publisher of the Asian Journal, said in a letter to the Government that the article had been seriously misinterpreted.

The article did say that the widespread expectation that the Government would use the market to privatise government corporations had blurred the market's role and raised doubts about whether it would serve successfully as a launching vehicle for small growing companies that needed better access to capital.

The order against the Asian Journal is only the second time the Government has used the amended Newspaper and Printing Presses Act, which gives the Minister for Communications and Information the authority to declare any foreign newspaper to be engaging in the domestic politics of Singapore and to cut its circulation as he pleases. "Engaging in domestic politics" is not defined in the Act and there is no appeals procedure.

The case highlights, even more clearly than the Time case, the conflict and tension between the Singapore Government and the foreign press. The Time article was said to contain factual errors, although in the complicated exchange between Time and the Singapore Government, Time neither explicitly acknowledged, nor denied, that this was so.

The Asian Journal case is quite different. On the day after the article appeared, Mr Koh Beng Seng, director of the Banking and Financial Institutions Department of the Monetary Authority of Singapore, wrote to the Journal accusing Mr Duthie of biased reporting and saying that the Article contained errors of fact.

After receiving the letter, the Journal sent a senior member of its editorial staff to research again the points of the article and to conduct fresh interviews. It concluded that the article was accurate and fair and contained no factual errors. Its lawyers advised that Mr Koh's letter defamed Mr Duthie.

Mr Zimmerman said yesterday that the newspaper would not print letters alleging factual errors when it was convinced there were no errors. There is also the question of whether a newspaper should print a letter which it believes to be defamatory.

The issue is now whether the Singapore Government has the right to dictate what foreign publications put into their letters columns.

Singapore is a major printing centre for a number of international publications.

Whether either the Journal's article or Mr Koh's letter are defamatory can be decided only in a court of law, should it ever reach that stage.

But the case raises doubts about whether foreign journalists in Singapore may report widely-held opinions that could displease or reflect negatively on the Government, without fear of government reprisal. The Journal article contained no allegations of government corruption, illegal behaviour or misconduct.

The Government's response is that the Journal should have printed the letter that was submitted.

The Journal has in the past printed many letters from the Singapore Government that critisised Journal articles, but none that took such a direct personal swipe at its staff. In this case Mr Zimmerman drew the line, although he must have known the inevitable outcome.

From Monday, the Asian Wall Street Journal loses about 13 per cent of its entire circulation without having had the opportunity to air its case in a court of law or other impartial body, and having no avenue of appeal. Nearly a third of its Singapore print-run, of 17,000 copies, will be stopped.

NTT tops world market value league

By Carla Rapoport in Tokyo

NIPPON TELEGRAPH and Telephone (NTT), Japan's communications utility, became the world's largest company in market value terms yesterday as its shares made their debut on the Tokyo stock exchange at an imposing Y1.6m ($10,500) each.

The price was struck just minutes before the market closed, after two hectic sessions in which buyers chased reluctant sellers. The price capitalises the company at nearly Y25,000bn ($164bn), double the $82bn size of IBM of the US.

The NTT listing launches Japan's first privatisation issue. One eighth of the company's shares were sold in the first tranche, and investors who sold their shares yesterday made a 34 per cent profit on the government selling price of Y1.197m.

The rush for shares was prompted by Japanese institutions who were eager to weight their portfolios with the stock, which now accounts for about 8 per cent of the overall market capitalisiation of the Tokyo exchange. The shares were unable to open on Monday because buyers outnumbered sellers by the thousands.

Just before the closing bell yesterday, however, the bid price shot up to Y1.6m, and buyers to sellers settled down to a manageable 2-to-1 ratio.

Yesterday's share price gives NTT a prospective price/earnings ratio of 139, a stunning figure even when set against the high ratings of most Tokyo stocks. This is not because of the company's high earnings potential, but the high price set against unexciting profit expectations.

According to Mr John Donald, a Jardine Fleming analyst, a comparison between NTT and national telephone operations elsewhere still "paints an unflattering picture of NTT as the least profitable company with the lowest sales to assets and return on equity ratios." Brokers predict that the primary source of growth for NTT will be rationalisation of fixed costs and services.

Over the next four years, the Government plans to sell a total of 10.4m NTT shares, or two thirds of the company's 15.6m outstanding shares. Foreigners, who were excluded from this sale, are expected to be allowed to participate in subsequent issues. The next tranche of 1.95m is expected to be offered to the public this autumn.

The proceeds will be transferred to the country's Debt Consolidation Fund to be used in the redemption of government bonds.

THE LEX COLUMN

The invisible paper trick

After the programme trade, the programmed slam, the computerised form of investment panic. Instructions to sell when the market slips back from a new peak are no doubt calculated to create an automatic buying opportunity only a little way down the slope. Human investors must hope that the weight of computer money is then enough to start the market rising once more.

Salomon

The making of a dramatic gesture is a well-tried method of diverting attention from what the conjuror's hands are actually doing. At Salomon Inc, the introduction of paperless global commercial paper did not quite sufficiently astound the audience to prevent a poor set of quarterly figures making a noticeable dent in the share price.

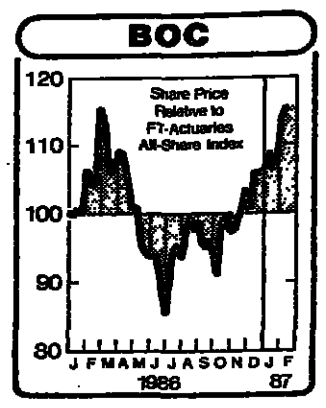
As Salomon warned last month, costs incurred in globalising the securities business have been running rather ahead of the revenues generated – about 60 per cent faster, in fact. But that is probably not *quite the whole story of the last* quarter, when pre-tax income in the key securities business – Salomon Brothers itself – was down by a third on 1985. It is hard to imagine that there were not some equity trading positions that went the wrong way when Wall Street recovered at the end of December, and it would be surprising if Salomon had emerged unscathed from the seizing-up of the market in floating rate notes.

Innovations in commercial paper have so far extended to paperlessness (in systems using electronic book-entry) and to global trading; the only logical possibility left to Salomon was to combine the two.

BOC

BOC Group's first-quarter figures were not exactly a breath of fresh air in a suddenly rather stale market yesterday, the share price falling 13p to 446p. A 30 per cent improvement in pre tax profits to £59.1m can in no sense be termed a disappointment, but when a share has risen by a third in two months, then the company concerned must do something a bit special to keep up the interest.

The underlying profits growth is better than at first appears, since the comparative period was inflated by £3.4m of gains from intelligent currency speculation. Of the "real" improvement of about £16m, as much as £10m has come from the recovery in the carbon business. Of that, about a quarter represents a lower depreciation charge following last year's capital write-down.



Over the past six years, BOC's original plan to export graphite electrodes from a low-cost US base has been wrecked by the strength of the dollar. Now the strength of the yen in particular has enabled BOC to show what it meant all along, with the added kicker of a smaller capital base. So its American business is now repelling importers and taking chunks from Japan's share of its own market. Since those exports to Japan are at some stage yen earnings, there is even a favourable currency effect. There might be a question about the demand outlook in a country afflicted by such a highly valued currency, but BOC insists that this is not just a flash in Japan.

BOC is expected to make about £260m pre-tax this year, which puts the shares on a multiple of about 12.5. BOC seems doomed to be on a rating in line with the hardly comparable UK chemicals sector, rather than the much higher values given to its real rivals in the US. So much for the global equity market.

Barrow Hepburn

Barrow Hepburn has been one of those recovery stocks to test the patience even of M&G, but thanks to the intervention of BTP (ex-British Tar) it is certainly assured an exciting burial. There is no need to believe the usual white-knight tale about a chance meeting in a railway carriage to appreciate that fate – nudged by Yule Catto's initial offer – may have served up a worthwhile combination for a change. The industrial logic of the agreed BTP-Barrow is at least as convincing as the unwanted Yule-Barrow and the customary cosy arrangements are noticeable by their absence in the former deal. Indeed, the Barrow directors are not even assured a seat on the board. BTP, which at current prices is paying 18 times historic earnings, can hardly be accused of meanness and unlike Yule *is suffering no dilution.*

Eurotunnel

Eurotunnel has been put in an awkward position by the waves of rumour, eroding the position of its co-chairman, *Lord* Pennock. To complete the financing of the tunnel will demand complete commitment, a degree of financial showmanship, and a firm grasp of the details. To find a candidate who can supply these things in time for Equity 3, this summer, may be a tall order. Whoever is chosen will have his work cut out mastering a most *complicated brief in the remaining* weeks before the group needs to start doing the institutional rounds with its new package of securities. Though the French co-chairman is well capable of holding his own in the City, nobody can be in two places at once. Somebody must be put in place this side of the Channel soon.

However, Yule is unlikely to give up without a fight and not just because Morgan Grenfell is battling on behalf of its own chairman. There is currently less than 3p a share difference between the two offers (5p on the cash alternative) and arguably Yule's part-cash offer has a firmer base. More important, the Takeover Panel has now confirmed that the rapid rise in Yule's share price was solely a consequence of interest in the proposed deal, the shares will thus presumably suffer badly if the deal does not materialise. The race between the two share prices could be close: Yule may have more to lose but could also be vulnerable to uncertain palm oil prices. If it comes to playing leapfrog, BTP could probably stay in the game longer, and now has the inducement of an underwriting bill to do so. The danger is that someone will now be tempted to pay far too much for a rather ragged industrial conglomerate.

Ricoh to boost UK output

By Carla Rapoport in Tokyo and David Thomas in London

RICOH, the Japanese office equipment company is to treble output of its UK copier plant at Telford, Shropshire.

The move is the latest in a spate of decisions by Japanese companies affected by anti-dumping duties imposed by the EEC on their imports, to establish or expand production in Europe.

The EEC is expected to increase anti-dumping duties on Japanese photocopiers from 15.8 per cent to 20 per cent before the end of the month.

Ricoh said in Tokyo yesterday that it intended to boost UK production of copiers from 2,000 a month to 6,000 a month by the autumn, making the facility Ricoh's largest outside Japan.

The company, which claims about 15 per cent of the UK copier market, began making copiers at Telford only last April.

At that time it announced expansion plans to boost its workforce from 100 to between 230 and 330 over about two years.

Ricoh, which is at present using temporary sites in Telford, yesterday began the development of a new large building in the town. However, managers there refused to comment on the company's expansion plans or on whether they would mean more jobs.

Ricoh in Tokyo said it was also interested in boosting the local content of its UK-built copiers, which is very low. The EEC is considering whether to extend anti-dumping duties to products made in Europe which have a lot of imported components.

Mr Minoru Akiya, a general manager in Japan said: "We should increase local procurement, but many parts such as electronics are not available in the UK." He added: "I think we must motivate local vendors to produce these products for us."

The increased production at Telford will not interfere with Ricoh's previously reported consideration of whether to build another European photocopier plant.

Farm ministers agree to reduce butter mountain by 1m tonnes

BY TIM DICKSON IN BRUSSELS

EEC agriculture ministers agreed yesterday to dump more than 1m tonnes of unwanted butter on world markets in a bid to get rid of the European butter "mountain" which stands at 1.34m tonnes.

The two-year operation is expected to cost Ecu 3.2bn ($3.59bn) although, the European Commission says there should be substantial savings in the long-term.

"The plan is essential to give the EEC's agricultural policy new credibility," Mr Paul de Keersmaker, Belgium's Agriculture Minister and chairman of the Farm Council said after the meeting.

The deal agreed yesterday follows the decisions taken by agriculture ministers in December to cut milk production by 10 per cent over the next two years, and to reduce the guaranteed prices paid to EEC-beef producers. Officials, indeed, were quick to point out that these initiatives and the programme agreed yesterday were closely linked – ministers could not have approved the Commission's ambitious stock disposal plans, without assurances that the surpluses would not simply reappear.

The agreement made in December in fact, contained a provisional commitment to the principle of the scheme but member states wanted time to look more closely at the sums.

Under arrangements already worked out in Brussels, the Ecu 3.2bn will be borrowed from member states and paid back out of the Community's budget in four equal instalments, starting in 1989 and ending in 1992. Interest on the money will be paid to most member states at a rate of 7 per cent. West German and the Netherlands will receive 6 per cent interst because of lower borrowing costs in those countries.

The cash is needed to make up the difference between the price originally paid by the Community – currently a guaranteed Ecu 3,132 per tonne – and the proceeds from the forthcoming disposals. This will vary according to the age of the butter and its destination, but experts believe that in some cases the EEC will be lucky to get back even 3 per cent of what it originally forked out.

The bulk of the surplus butter – 400,000 tonnes this year – is likely to be exported beyond the EEC. Expectations are high in Brussels that a 300,000 tonnes deal will be concluded shortly with the Soviet Union but, in the absence of other major export customers, Moscow may ultimately take more. The Commission hopes to sell 200,000 tonnes both this year and next to the animal feed industry, and 100,000 tonnes this year for non food consumption – trade sources indicate that this could be turned into oil and burned in power stations and other suitable furnaces. A further 130,000 tonnes is earmarked over the next two years for cut price sale to consumers.

The Commission says the butter disposal will remove the sharp downward pressure on world butter prices being exerted by EEC stocks, while savings will be made in storage costs. At around Ecu 300 a tonne per year, refrigerated butter is one of the most expensive products tied up in EEC stores.

Only Spain – which claimed that it was not responsible for the build up of butter stocks – refused to support yesterday's agreement. The European Parliament and the Court of Auditors will have to be consulted on the plan.

Baker declares US pressing for reform

Continued from Page 1

heavily on exports and that because of that at some point it became counterproductive to talk about further exchange rate adjustments to reduce the US trade deficit.

With Congress now considering wide-ranging trade legislation, including proposals both to reform US trade *laws and for managing* the dollar's exchange rate, Mr Baker spelt out for the first time some of the details of what the administration would propose in the trade legislation it is expected to send to Capitol Hill later this month.

He also underscored the Reagan Administration's determination to resist some of the trade reform proposals which have been floated on Capitol Hill and which he said conflicted with the principles which the Administration was applying in drawing up its own trade bill.

Agreement on prices again delayed

DIVISIONS within the European Commission over the future direction of Common Agricultural Policy (CAP) reform surfaced in Brussels again yesterday and for the second time in a week put off the announcement of next year's key farm price proposals.

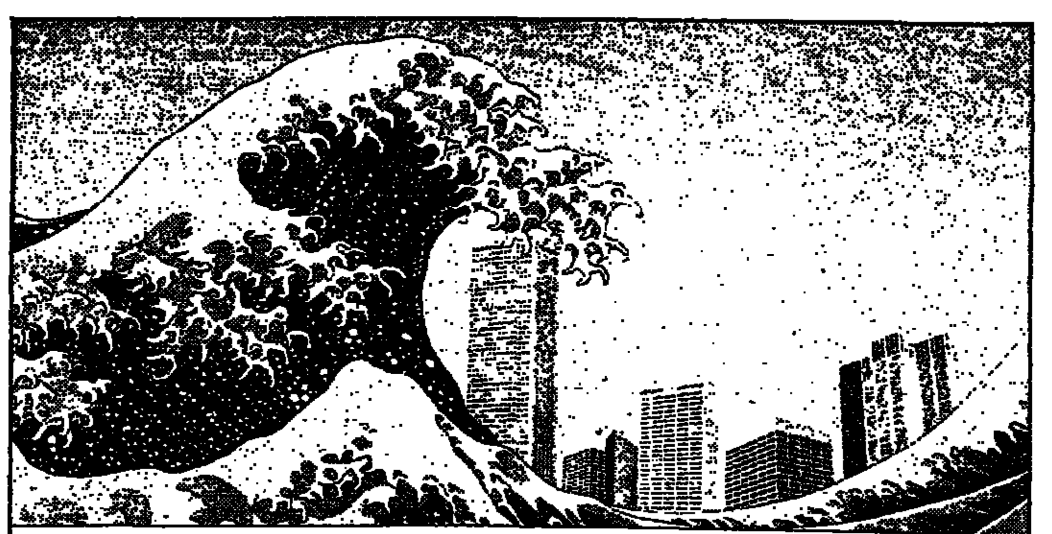
EEC Commissioners, who have already held two inconclusive meetings on the subject, were widely expected to agree the package last night. But according to those close to the discussions, the issue of "agri-monetary" reform and the idea put forward by Mr Frans Andriessen, the Farm Commissioner, for an oils and fats tax aroused unexpectedly fierce and prolonged debate.

Officials say it will now be Monday at the earliest – and possibly the middle of next week – before the much awaited set of proposals can be finalised.

One complication is that Mr Henning Christopherson, the EEC's Budget Commissioner, is planning to unveil his plans for the future financing of the Community at a meeting of Commissioners over the weekend. This will follow the current round of meetings with European heads of state organised by Mr Jacques Delors, the Commission President. It had been assumed that the farm package, which sets out the Commission's ideas on price support for a wide range of products for the year beginning in April, would have been ready by the weekend.

The difficulties within the Commission are understood to centre not so much on individual prices, which are more or less agreed, but on the politically sensitive issue of "green" currencies (notional exchange rates used to convert common EEC farm prices into national currencies). In common with the system of monetary compensatory amounts (MCAS), the system of taxes and subsidies designed to even out the effect of currency movements on cross border trade, these have in the past been manipulated to provide "disguised" price increases for farmers in certain member states.

Mr Andriessen is keen to limit the scope for such maneuvres, but his plans have apparently run into opposition from at least one or two more nationalistically minded Commissioners.



World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	13	55	Dubrovnik	S	14	57	Malta	—	—	—	Rhodes	S	16	61
Algiers	F	17	63	Edinburgh	C	5	41	Manchester	F	6	43	Rio de J'o	R	39	102
Amsterdam	F	7	45	Faro	C	11	52	Manila	S	31	88	Rome	F	17	63
Athens	S	15	59	Florence	—	—	—	Melbourne	S	20	68	Salzburg	F	8	46
Bahrain	C	23	73	Frankfurt	R	8	46	Mexico City	S	23	73	San Francisco	R	13	55
Bangkok	S	32	90	Funchal	F	18	64	Miami	S	9	48	Seoul	R	9	48
Barcelona	—	—	—	Geneva	R	7	45	Milan	—	—	—	Singapore	F	31	88
Beirut	—	—	—	Gibraltar	F	13	55	Montreal	F	-21	-6	Stockholm	C	-9	16
Belfast	F	5	41	Glasgow	F	5	41	Moscow	C	-9	16	Strasbourg	C	7	45
Belgrade	S	7	45	Guernsey	S	7	45	Munich	F	12	54	Sydney	F	34	93
Berlin	R	6	43	Helsinki	Sn	-12	10	Nairobi	S	28	82	Taipei	S	27	81
Biarritz	F	9	48	H. Kong	C	22	72	Naples	—	—	—	Tangier	C	15	59
Bombay	S	30	86	Innsbruck	F	10	50	Nassau	C	23	74	Tel Aviv	S	17	63
Bordeaux	F	11	52	Inverness	C	4	39	New Delhi	S	20	68	Tenerife	S	21	70
Brussels	F	7	45	Islamabad	S	24	74	New York	F	-4	25	Tokyo	S	12	53
Budapest	S	3	37	Istanbul	S	10	50	Nice	C	13	55	Toronto	F	-4	25
B. Aires	S	26	78	Jakarta	R	30	86	Nicosia	F	17	63	Tunis	S	17	63
Cairo	S	18	64	Jersey	S	8	46	Oporto	R	9	48	Valencia	F	15	59
Cape Town	F	30	86	Jo'burg	S	27	81	Oslo	Sn	-6	21	Venice	—	—	—
Caracas	S	28	82	Lima	C	26	79	Paris	F	9	48	Vienna	Fg	2	36
Casablanca	C	15	59	Lisbon	R	10	50	Peking	S	15	59	Warsaw	C	3	37
Chicago	F	3	38	London	F	8	46	Prague	F	5	41	Washington	Fr	-2	28
Cologne	C	7	45	Los Angeles	C	15	59	Reykjavik	C	0	32	Zurich	R	5	41
Copenhagen	Fg	1	34	Luxembourg	R	4	39								
Corfu	S	14	57	Madrid	F	8	46								
Dallas	F	4	39	Majorca	F	14	57								
Dublin	S	6	43	Malaga	C	13	55								

Readings at mid-day yesterday:
C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Israel admits talks with terrorists

Continued from Page 1

hensive exchange of prisoners between Israel and its many enemies in Lebanon, thus laying the groundwork for the latest secret exchange plans.

US officials are acutely aware that the Iran arms scandal has undermined its public policy of not dealing with hostage takers, and they say they are determined to match their rhetoric with reality. "If we get caught like we did the last time," said one official, "then people will never believe us again."

Mr George Shultz, the US Secretary of State, has attempted to reestablish US policy by making clear he will have no truck with terrorists' demands.

On Monday night in a speech to the American Legion Mr Shultz said of the hostage takers: "We want to figure out a way to raise the cost of those animals."

"The hostage problem is a tough one for us because . . . we all feel, as the President (does), that, when an American overseas is kicked around, we're kicked around."

A further worry for US officials is the extent to which Israel has been exposed as having undue influence over American foreign policy, particularly in promoting the idea of selling arms to Iran. The State Department *is stressing that the US*, while a close ally of Israel, has wider global interests to pursue rather than the narrower national security concerns of Israel.

The majority of the 400 prisoners are believed held in the al-Kham detention centre in southern Lebanon run by the Israeli-backed South Lebanon Army nominally under the control of General Antoine Lahad, the SLA's commander. A senior Israeli official made clear this week that Israel could – if necessary – determine the prisoners' fate.

In an interview on Monday, General Lahad said he had not received any request in recent days to free some of his prisoners, adding that exchanging "criminals and terrorists" for hostages was not the proper way to tackle the problem of Lebanon's kidnap victims.

There are about 250 prisoners in al-Kham, among them 20 women, the soft-spoken Christian Militia chief said.

JOBS

Defence turns to attack • Manager-developers

BY MICHAEL DIXON

BOFFINS in Britain's Ministry of Defence have just developed a new secret weapon. Whether it works will take some time to tell because the weapon is of the delayed-action kind as well as being highly specific in its purpose. Its target is the established system for selecting top civil servants.

The system is not entirely without merit. For instance, one of the world's best known psychologists — Professor Hans Eysenck — has admitted that he and all his fellow experts combined could not devise a better way to ensure that the top posts in the service always go to the same sort of people.

"But whether they are the right sort of people to run the country's affairs is a very different question," he said.

His doubts on that score are shared by many other citizens. Among them of course are viewers of the TV series Yes Minister who widely feel confirmed in their suspicions by the recent award of a CBE to the series's machiavellian mandarin Sir Humphrey Appleby, in the guise of actor Nigel Hawthorne. Some of the deepest doubters themselves work as civil servants, and not only in the Defence Ministry.

Scientists throughout the service, for example, have long resented that recruits chosen for the fast stream of entry leading to the highest rank are *overwhelmingly* people who have been educated in the arts. The result, the science faction says, is that top officials rarely have the numerate skill to understand even 19th century technology, however great their skill at political fixing.

As a measure of which skill counts most, the fast stream goes on being dominated by arts-educated recruits.

The boffins who have developed the secret weapon have even more reason to resent the selection system than scientists have. They are engineers, who rank so low in the pecking order as to be virtually disregarded by most state departments.

Defence, however, is an exception. It not only employs large numbers of engineers — about 13,000 at the latest count — but needs to recruit over 100 more each year against fierce competition from business. Hence, the Ministry has had to grant engineers increasing power in its personnel management work, so giving them a base from which to mount their attack. And they are setting about it with a cunning worthy of Sir Humphrey himself.

Having noted the failure of the *scientists' confrontational* approach to defeat the established regime, the engineers are working on the principle: if you can't beat 'em, join 'em. Moreover, they have set out to lull *the present elite into a false* sense of security by making the weapon look like a flattering imitation, on a much more humble scale, of the device by which the arts-educated have maintained their rule—namely, the fast stream of entry.

To any but the keenest of trained eyes, all the Defence personnel boffins have done is set up a parallel fast-stream entry to their Ministry for up to 15 engineers a year. Since they have also arranged for it to be operated by the Civil Service Commission which handles the service's other selection procedures, the weapon's threat to the present ruling caste is almost impenetrably camouflaged.

But under interrogation by the Jobs column in an attic room of an innocent-looking building in central London, an anonymous Ministry official confessed that the ultimate aim was to infiltrate the heights of the service with "the technological mandarins of the future."

Except perhaps for the non-technological mandarins of the present, everyone can probably imagine ways of pursuing that aim. Once two fast streams are running in parallel, for instance, it should not take much to skew one so that it gradually breaks through to intermingle with the other. Moreover nobobdy could know how to do it better than engineers.

What increases the likelihood that some such plan is in mind is that, from the start, the fast-stream selectors will seek people with the talents eventually to play the established mandarins at their own political game as well as surpassing them in other technicalities. The official admitted that anyone chosen for the new entry would need far more than just the numeracy to win a good engineering degree. High importance would be placed on additional qualities, including "the senior civil servant's characteristic skill with words."

However guileless that phrase may seem to inexperienced observers, no practised watcher of Yes Minister could avoid suspecting menacing implications. Could it, for instance, be code for "skill at being economical with the truth?"

Execspeak

IF SOMEONE from the Arthur Young accountancy group ever asks how's your black hole, keep calm. Nothing indelicate is meant. Besides, if you got hot under the collar and demanded an explanation, you would probably merely be told there was no point in pushing the mercury. And that would not mean what it might seem to, either.

Both phrases are examples of Young-Arthurian execspeak.

"*Black hole*" *means future* working capacity left unused by foreseeable orders, and so needing to be filled with new business. "Pushing the mercury" refers to the problem of getting a pool of quicksilver to go somewhere in one piece.

If you try to push it there directly, it will just break up and scatter. The only answer is to find a way of indirectly influencing it to go there by itself—such as by tilting the surface on which the pool lies. Much the same goes for getting groups of people to move concertedly in a given direction.

Or so I am told, at least, by Brian Chandler, leader of the group's UK training enthusiasts responsible for those and several other jargon terms. Their other achievements include a claimed £200,000 increase in revenues through enlivened sales training methods, and last year's publication of The Manager's Handbook which sold 53,000 copies in its first six months.

With the help of headhunter Malcolm Coates of Link Search and Selection, Mr Chandler is seeking an unspecified number of recruits for his London team. Its task is to develop the business and managerial abilities of the group's specialist staff, from new entrants to topmost executives.

The prime emphasis at present is on marketing and *selling, which are seen as* the most suitable background for candidates. The essentials are success in managing a group of at least 20 people, experience of working both for a well run and for a badly run organisation, and "an obsession with helping others to overcome their problems."

Salary indicator £30,000. Other benefits negotiable.

Inquiries to Mr Coates at 13-14 Hanover Street, London W1R 9HG; telephone 01-493 5788.

Spearhead

TRAINING is also the activity of Beaconsfield-based Webb Learning although, perhaps because it is American-owned, it prefers to call its business "human relations consultancy." Having established itself in specialist sectors such as high-tech and pharmaceuticals, the UK branch now wants to extend its services into insurance and finance.

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★ ★ ★

We are also expanding our IN-HOUSE QUALITATIVE CONSUMER RESEARCH activities and have a vacancy for a psychologist consultant mainly for projects in the U.K. and West Germany. Candidates must have experience in conducting the non-directive individual interview and group sessions, in analysing and synthesising this raw material and report writing ability. An economics or marketing degree combined with one in psycho-sociology would be a major advantage.

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This person will be responsible to the head dealer and should have at least four years experience of dealing on the floor of the London Stock Exchange, primarily in UK equities, and be experienced in handling institutional orders.

The successful applicant will probably be in his late twenties and should be presentable, well spoken and able to communicate well with people.

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(Corporate Banking Division)

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SENIOR MANAGER, SECURITIES TRADING. Probably mid 30's, certainly with at least five years' fixed income experience – possibly gained in a smaller bank. May not yet have led a team, but the ability to do so is vital.

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Futures Dealer (FRA's & Financial Futures) — **c£25,000+ Car**
An excellent opportunity for a tactical dealer on an expanding Merchant Bank's operation to expand the SFRAs and Futures books.

NO2 Securities Settlements — **£15,000**
A good general stockbroking background, particularly bearers, safe custody etc. plus Eurobond Settlements is required for this position in a new capital markets team.

Senior Foreign Exchange Spot Dealer — **c£30,000 pa**
A top class dealer with a proven track record in dealing on spot major currencies is required by a leading European bank expanding the dealing operation.

Foreign Exchange Spot Dealer — **to £25,000**
Two years dealing on an active spot desk is the minimum requirement to join a highly professional team in a well respected international bank.

Marketing Support Officer (Commodity and Trade Finance) — **to £20,000**
To provide in-house support to the team in marketing oil and non-oil commodity customers of a Merchant Bank preparing proposals, maintaining records, monitoring account movements, etc. Good credit is essential.

Sheila Jones
109 Old Broad Street
London EC2N 1AP
01-588 3991

OLD BROAD STREET BUREAU LIMITED

AMBITIOUS SOLICITORS

SEEKING A CHANGE?

Do you feel the need for a change in direction?

Do you seek a more varied life?

If so, we have opportunities which could provide an answer. In particular, in the field of
COMPANY LAW and BANKING,
we can offer a variety of corporate and banking work, with international capital markets involvement.

Having said that, we can also offer places in these expanding areas:-

☐ TAX ☐ PENSIONS ☐ PROPERTY
☐ COMMERCIAL & TRADE LAW
☐ COMMERCIAL LITIGATION
(Particularly landlord and tenant, shipping and employment)
☐ INTELLECTUAL PROPERTY
☐ EEC & COMPETITION LAW

We offer the benefits and back-up associated with a major international City practice.

If you would like to see and learn more please write in confidence (with a CV), specifying your area of interest, to: Michael Charteris-Black, 14 Dominion Street, London EC2M 2RJ.

SIMMONS & SIMMONS

SALES EXECUTIVES

Eurobonds/FRN's

London

Our Client, the Capital Markets subsidiary of a major bank, now seeks to appoint talented professionals in the following positions:

Eurobond Sales

The successful candidate will be a seasoned representative with around 3-4 years' experience of selling Eurobonds from London. Products will include Straight Bonds, Floaters and US/Canadian Treasuries and a thorough knowledge of these will be vital to success in this role.

This is a high profile post calling for a mature approach, integrity, initiative and above all tireless enthusiasm.

We would also be interested in hearing from candidates with 1-3 years' experience.

Floating Rate Note Sales

The requirement is specific – candidates should have at least 2 years' experience of FRN Sales with current knowledge of the London Market together with an established client base.

The operation is expanding, thus offering a team player an ideal opportunity to make a significant contribution to both future business development and strategy.

Both the above positions offer an attractive remuneration package which will, together with the usual benefits associated with a major bank and the career prospects, provide an ideal opportunity to broaden your horizons.

Please apply in the first instance, enclosing a full CV and quoting reference 877 to:

Managing Director,
JPW Recruitment Advertising Limited,
Chancery House, 53/64 Chancery Lane, London WC2A 1QX.

JPW
Recruitment Advertising

Use either your law degree or accounting qualification in the development of technical services and inancial planning sales support.

Technical Services

Life, Pensions and Unit Trust Products

Reigate, Surrey — To £19,000 + Benefits

Crusader Insurance plc, owned by CIGNA Corporation, one of the world's most successful insurance companies is looking for two creative and dynamic professionals for its Technical Services Team.

You will need to have a background of at least 3-5 years experience of the life insurance industry, including linked life and pensions products. As key members of the team you will be responsible for the development of technical and financial planning services and training support for sales staff and intermediaries, related to both existing and new products.

These must be some of the most challenging and exciting life and pensions development appointments available at the moment, for which we will negotiate an excellent salary and benefits package.

Please apply in writing or by telephone to: Mr John Henney, Personnel Department, Crusader Insurance plc, Reigate, Surrey RH2 8BL. Tel: (07372) 42424.

CRUSADER Insurance plc CIGNA

Assistant Fund Manager

Gilts and US Dollar Fixed Interest

Wellington Underwriting Agencies Limited is a leading Lloyd's Managing Agency with £300m under management principally in the UK and US fixed interest markets.

The Company is seeking an Assistant Fund Manager reporting to the Group Treasurer, who will work closely with the Treasurer in the formulation and implementation of the investment policy. Candidates for this position should have 3-5 years' experience in fixed rate markets and should also have an understanding of options and futures.

The position offers an exciting challenge and a high level of responsibility. An attractive salary and benefit package will be offered in line with the importance of this position.

Please send full career details, in confidence, to:

Miss K. R. Smith, Wellington Underwriting Agencies Ltd., 120 Fenchurch Street, London EC3M 5BA.

.Wellington.
UNDERWRITING AGENCIES LIMITED

OPPORTUNITY IN INTERNATIONAL CREDIT

An opportunity exists to join the Credit Department of Salomon Brothers International Limited which is the leading entity in Salomon Inc's development of its global securities activities. These activities range over a wide spectrum of country, corporate and product risk. The existing Head of Credit is looking for an associate who will work with him and his team in the continuing development of comprehensive credit limits and controls with respect to the international business of Salomon Inc. The function is of a broad and diverse nature, covering the analysis and review of existing exposures, evaluation of new counter party risk, analysis of new products and a wide range of related activities.

The position requires well-developed analytical skills, 3-5 years experience on the credit or lending side of a major commercial bank, and above average levels of communication and presentation skills. Strong knowledge of bank credit analysis is highly desirable. Educational background is most likely to include a university degree, MBA, professional qualification or equivalent.

The position involves regular contact with a wide range of departments and individuals within the Company, at all levels of seniority. It is an exciting opportunity to join a rapidly growing business in a highly visible and important role.

Salary will be negotiable, and will include a full benefits package. Please write to: Pandit Crite, quoting ref (IC), Salomon Brothers International Limited, Victoria Plaza, 111 Buckingham Palace Road, London SW1W 0SB.

Salomon Brothers International Limited

Investment Banking...

SALES AND TRADING

ECP SALES

This well-known international bank has a sophisticated global trading capability, and an aggressive and highly successful marketing strategy. Within the Treasury area this position is of key importance entailing primary responsibility for building up the bank's sales capacity in the Euro-commercial paper market. For an ambitious individual with a proven track record in Money Market Sales, the rôle offers great scope and responsibility in an environment which is aggressive, professional and well suited to high achievers.

MONEY MARKET SALES

Our client is one of the world's leading securities houses, already a market leader in the International capital markets. Backed by a strong commitment to the Euromarkets and enormous financial resources, the money markets desk is looking to expand their sales capability. Directly accountable for the development of a strong client portfolio candidates will be talented sales professionals with demonstrable placement ability and experience in FRN's, CD's, ECP or repurchase agreements. This is an excellent opportunity to be involved in a new product area set to become a dominant feature in capital markets.

TRADER — FRN'S

Our client is a major investment bank with a significant presence in the international equity and capital markets.

The continuing development of their sales and trading activities in short-term negotiable instruments has created an immediate opportunity for an ambitious young Trader, ideally with around two years experience in Floating Rate Notes.

Remuneration will be highly competitive reflecting the achievement of the individual and the quality of the institution.

Please apply directly to Felicity Hother or Jonathan Holmes on 606-1706

Anderson, Squires Ltd., Bank Recruitment Specialists, 127 Cheapside, London EC2V 6BU

Anderson, Squires

Corporate Finance

Accountants/Solicitors
£18–22,000

Our client, a significant UK stockbroker backed by a major international bank, has an active and high profile corporate finance department involved in a range of exciting projects.

Due to expansion plans, vacancies exist for candidates with excellent academic/professional qualifications and a strong personality. Relevant experience is a definite plus.

Rewards are good, prospects excellent and bonuses high.

Contact: **Mark Hartshorne**

Executives/Managers
£30–65,000

This leading international securities house is currently developing its presence in the cross-border mergers and acquisitions field.

To supplement their specialist M&A team they seek a high calibre professional with a minimum of two years' relevant corporate finance experience. Fluency in French and/or German would be an advantage.

The prospects and financial rewards within this high profile sector are excellent.

Contact: **Lindsay Sugden A.C.A.**

Interested applicants should telephone 01-404 5751 or write to 39-41 Parker Street, London WC2B 5LH.

MP
Michael Page City
International Recruitment Consultants–London Brussels New York Paris Sydney
A member of Addison Consultancy Group PLC

Equity Salesmen and Sales Traders

MOVE WITH THE MARKET MAKERS

Working with a strong management mandate our Client, a major market-making force in global securities, is expanding their equity sales and trading capability.

The brief is for a Research Sales Executive and/or Sales Trader with proven record success who will respond well to new ideas and initiatives.

You will have about two years' experience in the U.K. Market, be highly motivated and attracted by the prospect of a non-bureaucratic environment supported by strong up/down line support.

In this division everyone trades; teamwork is the vital ingredient since all individuals participate directly in Capital progress without a personal capital involvement.

The successful candidate will conform to the following profile: A proven sales ability, having already forged strong client relationships, the desire to work the global markets for both Equity products and their derivatives. self-starting attitude and total commitment to the team effort.

Salary and benefits are very comprehensive and represent considerable advancement upon existing arrangements for the successful candidate.
Our client is an equal opportunities employer.

For further details and interview please contact:

Robert Milne
01-631 5045
CRAWFORD RECRUITMENT SERVICES

Director Executive Search & Selection

Banking and Financial Institutions
City based : £ negotiable + car + benefits

In only a few years March Consulting Group has established itself as a leading multi-service consultancy company.

We have built a strong search and selection team and now wish to reinforce these activities by appointing a senior executive in the City.

The objective will be to concentrate on developing and expanding our Banking and Financial Institutions appointments – senior posts requiring a thorough understanding of banking, corporate and institutional organisations.

Aged 30-50, you will almost certainly have experience of senior executive recruitment or financial management consultancy in a City related context.

Benefits package, including salary and profit related bonus, plus BUPA, company car, etc. is fully negotiable.

Applicants should write, in strict confidence, with full c.v. to Brett Bull, Director, March Consulting Group, 57-59 London Wall, London, EC2M 5TP.

MARCH
CONSULTING GROUP

MORGAN STANLEY INTERNATIONAL

Head of Compliance

Morgan Stanley International is one of the best-known and fastest growing International Securities Houses in London. Recent openings in Frankfurt and Zurich have further strengthened its leading position in the international capital markets.

The London office now seeks to appoint its first full-time Compliance Officer. Managing a small team, you will be fully responsible for the establishment of the department, developing and maintaining procedures, advising on special issues and liaising with regulatory authorities. There will be constant and close involvement with line management in both London and Europe.

To qualify for the role, a combination of outstanding personal and intellectual skills is essential. Key attributes include a commercial outlook, an enquiring mind and a track record of considerable achievement in the securities industry or a closely-related environment. The necessary blend of maturity, experience and energy indicates a probable age range of 35-45.

Neither the remuneration package nor future career potential will be a limiting factor for the right person.

Please write in confidence, enclosing career details and explaining briefly how you may meet the stated criteria, to Nigel Halsey, Managing Director, Michael Page City, 39-41 Parker Street, London WC2B 5LH. Telephone 01-404 5751. Reference 3922.

MP
Michael Page City
International Recruitment Consultants–London Brussels New York Paris Sydney
A member of Addison Consultancy Group PLC

WOLFSON COLLEGE, OXFORD

BURSAR

This post-graduate College in the University of Oxford invites applications from suitably qualified persons for the post of Bursar, which will become vacant at the end of the current academic year. The Bursar is responsible for the management of the College's financial and business affairs, for its general administration, including staff and pension matters, and for the College's major building and repair work. Catering, housekeeping and allocation of accommodation are administered separately by the Domestic Bursar.

The appointment is expected to be on a full-time basis, with a salary in the range of £15-20k but the College is willing to consider other arrangements. The post will be associated with a Fellowship of the College, which would entitle the holder to certain other emoluments. Accommodation may be available. A starting date within the period July-September 1987 is envisaged, by arrangement with the successful candidate.

Further particulars of the post and the College may be obtained from:

THE PRESIDENT
WOLFSON COLLEGE, OXFORD OX2 6UD

to whom applications should be sent by 6 March 1987

CHIEF EXECUTIVE

ASSOCIATION OF BRITISH CREDIT UNIONS LTD.

The Association of British Credit Unions provides advice and guidance to UK organizations who wish to provide private cooperative-type banking facilities for their members. There are currently some eighty credit unions in the UK and anticipated opportunities for several hundred more.

A Chief Executive is required for the Association whose primary function will be to encourage organizations throughout the UK to establish credit unions and to provide the credit unions with organizational and administrative advice. A small head office team currently exists near Manchester but the permanent location has not yet been decided.

Applicants for this position must have financially orientated experience, with an appreciation for cooperative concepts and the energy and commitment to lead this rapidly expanding organization. Extensive travel will be essential and dealings will be with the most senior executives of organizations.

Salary and benefits will be commensurate with the experience and abilities of the person appointed. Relocation assistance will be provided as necessary.

In the first instance, please send brief personal and career details, in confidence, to Douglas G. Mizon quoting reference F787M at Ernst & Whinney Management Consultants, Becket House, 1 Lambeth Palace Road, London SE1 7EU.

Ernst & Whinney

Banking/Financial Services Experience

Business Development Manager

Midlands **to £20,000 + car + benefits**

The Company: A highly respected and experienced leader in the provision of financial services to corporate clients throughout the UK. Associated with a major Financial Institution, its exceptional record and growth rate is due to the emphasis placed on providing the highest quality of professional service.

The Position: To play a vital role in the development of new business based in the Birmingham office but responsible for providing services to clients throughout a wide area of the Midlands.

The Candidate: Will be self motivated and assured with a professional approach. Aged 28-40 with experience within banking, financial services or related areas. A sound business awareness and good negotiating skills are essential to enable effective evaluation of business proposals.

The Prospects: The company can demonstrate excellent career prospects for individuals with the qualities to succeed within a fast moving commercial environment.

All applications will be treated in the strictest confidence. Please write, enclosing career details and quoting reference AHF100 to Financial Management Selection, 21 Cork Street, London W1X 1HB.

Financial Management Selection
Specialist Search and Selection Consultants

An Foras Talúntais
THE AGRICULTURAL INSTITUTE

HEAD OF FOOD RESEARCH

The Council of An Foras Taluntais (AFT) has decided to establish a new Food Research and Development Centre on the AFT campus at Dunsinea, Castleknock, Dublin 15. This Food Centre will form an integral part of AFT and in conjunction with the Dairy Research Centre (Moorepark) will service the technical requirements of the Irish food industry. The Centre [illegible] factors which influence the competitiveness of the Irish food processing and manufacturing industry.
Applications are now invited for the senior position of Head of this Centre. The appointee will take responsibility for the planning and development of the research programme of the Centre; for interaction with food industry firms to ensure the relevance of the programme to industry needs; and for the management of the staff, budget and facilities of the Centre.
Essential Requirements: A good Honours University Degree or equivalent in an appropriate discipline together with suitable post graduate research experience, preferably to PhD level. In addition the person appointed will need to have a record of substantial achievement in research, development or management relevant to the needs of the Food Industry.

Applications (in envelopes marked private and confidential) giving full details of qualifications and career to date should reach:

The Director, An Foras Taluntais, HQ
19 Sandymount Avenue, Ballsbridge, [illegible]

not later than 5 pm on Friday, 27th February, 1987

Loan Executives

NM Rothschild & Sons Limited is expanding its lending activities, which are organised into three teams headed by a Director or Assistant Director, and there is now a requirement for additional executives.

The successful applicants will be appointed to Assistant Manager positions reporting directly to a Team Leader. Their duties will include the analysis, negotiation and marketing of a wide variety of corporate credits, both on a direct and syndicated basis.

Candidates are likely to have had experience in a lending environment in a clearing, commercial or merchant bank, or in the Treasury department of a large company. They should be familiar not only with traditional lending techniques but also with the latest methods of raising finance in the capital and credit markets, including the issue of Commercial Paper. They should preferably possess a banking or accountancy professional qualification. The expected age range is 25-28.

An attractive remuneration package will be offered, which includes a profit sharing scheme.

Applicants should send a full curriculum vitae to:
Personnel Director,
NM Rothschild & Sons Limited,
New Court, St. Swithin's Lane,
London EC4P 4DU.

N.M. Rothschild & Sons Limited

AT A CAREER CROSSROADS?

Hill Samuel Investment Services Limited requires EXECUTIVES AGED 30-50 in London & Home Counties to be trained to offer a wide range of Financial Services to Businessmen, Professional Intermediaries and Individuals

Send cv to:
Peter Creighton-Meare
Hill Samuel Investment Services Limited
1 Maddox Street, London W1R 9WA
or Ring 01-434 4583

INTERNATIONAL EQUITY TRADER

Major U.S. investment bank wishes to employ a London-based individual for the above position.

Applications should be sent to
Box No. AO407,
Financial Times, Bracken House,
10 Cannon Street,
London EC4P 4BY

CJA

RECRUITMENT CONSULTANTS
35 New Broad Street, London EC2M 1NH
Tel: 01-588 3588 or 01-588 3576
Telex No. 887374 Fax No. 01-256 8501

Opportunity to establish and develop a major engineering industry product in support of the investment banking teams

ENGINEERING INDUSTRY EXPERT

CJRA

CITY **£100,000 PLUS PACKAGE**

MAJOR EUROPEAN BANK

We invite applications from individuals with established reputations in the engineering industry gained either by actual working experience or by success in investment research. The position requires someone whose opinions and views on the industry's trends, technologies, new products and evolving marketshares are likely to be sought not only by investors but also by companies themselves. Numeracy and a flair for presenting written and verbal material will be essential. Reporting to the Head of Equities, the successful candidate will be responsible for building and co-ordinating a team of investment analysts based in London and elsewhere within an international network. Regular travel to see companies in UK and abroad will be necessary and another language would be useful but not essential. The initial package of £100,000 plus includes a high base salary, a profit related bonus (guaranteed for the first year), and excellent banking benefits (including car and mortgage subsidy). Written applications in strict confidence quoting reference EIE/18745/FT will be forwarded unopened to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager: CJRA or alternatively you may wish to telephone on 01-638 0532 for a confidential discussion.

Opportunity to join established team at senior level

PORTFOLIO MANAGER – GROSS FUNDS

CJA

CITY **£30,000–£45,000 + BONUS**

LEADING STOCKBROKERS

For this new appointment we invite applications from candidates, who are unlikely to be under 30, with 3-5 years experience untilising modern methods and a demonstrable track record managing pension and large charitable funds, etc. A sound analytical background will be an advantage. This front-line appointment reports to the Head of this specialist Division and in addition to day to day fund management responsibilities, there is client contact, from the initial presentation to meaningful reporting of results at board level. The ability to contribute with the minimum of direction and supervision is essential. A flexible package is negotiable, dependent on age and experience, £30,000–£45,000 + bonus. Applications, in strict confidence, under reference MGF 4464/FT to the Managing Director:– CJA.

A challenging, autonomous position

CHIEF ACTUARY – DIRECTOR

CJA

LONDON **£30,000–£40,000 + CAR**

DIVISION OF A MAJOR LLOYDS BROKER

On behalf of our clients, we invite applications from Actuaries (FIA, FFA), with at least 3 years' post-qualification experience in the pensions department of either a major life assurance company or pensions/actuarial consultancy. This opportunity will be particularly attractive to actuaries with a well-developed commercial sense, who are keen to make an individual impact in developing and building up both the actuarial team and the business of the life and pensions division. This will include the provision of all actuarial services to mainly corporate clients, working closely with the effective and energetic pensions and life sales teams. Personal qualities considered important include a resilient, objective approach to problem solving, together with the ability to make an immediate contribution. Initial salary negotiable £30,000–£40,000 + car + profit share + contributory pension, free life assurance, free BUPA and assistance with relocation, if necessary. Applications in strict confidence, under reference CA 4460/FT, to the Managing Director: CJA

Excellent further career prospects

PRIVATE CLIENTS SALES

CJA

CITY **£20,000–£30,000**

LEADING STOCKBROKERS

Our clients provide a professional telephone-based investment advisory service to individuals and seek candidates with institutional sales, private client advisory service or similar experience. Candidates must be Registered Representatives and preferably S.E. Members. The firm has a large active base of substantial clients to service, and the successful applicants will generate their own ideas, covering the full range of gilts, equities, international securities, traded options etc., with the support of the firm's research material. A quick, alert mind and fluent yet cogent communication skills are the qualities we seek. Salary is negotiable £20,000–£30,000 + good benefits package. Applications, in strict confidence, under reference CLSS 4465/FT in writing to the Managing Director, or by telephone on 01-638 0680. CJA

35 NEW BROAD STREET, LONDON EC2M 1NH. TELEPHONE: 01-588 3588 OR 01-588 3576. TELEX: 887374. FAX: 01-256 8501.

ORGANISATIONS REQUIRING ASSISTANCE ON RECRUITMENT: PLEASE TELEPHONE 01-628 7539.

Corporate Finance in Shipping

This is an exciting opportunity to join Citibank, one of the world's leading financial institutions. The London Shipping Department, part of the Bank's Global Shipping Division, has responsibility for shipping business in the UK and Scandinavia. The Division's objective in 1987 is to build upon the Bank's well established franchise of a prime customer base with particular emphasis on corporate finance and related advisory services.

The successful candidate will be part of a small team which specialises in structured finance. Applicants should be graduates with 2/3 years relevant experience in accounting or as an analyst with a commercial/investment bank or brokerage house. Specifically they should have:

- Proven financial analytical skills
- Ability to think strategically
- P.C. modelling and presentation skills
- Ability to work under pressure

In addition, since this position will involve customer and senior management contact, we require excellent interpersonal skills. There will be opportunities for overseas travel.

Professionalism is the mark of Citibank and its people. Our rewards fully reflect this; salary will be determined by experience level and will be supplemented with an impressive range of banking benefits.

To apply for this position send full career details to Alison Emery, Group Personnel Officer, Citibank House, 336 Strand, London WC2R 1RS.

CITIBANK

Citibank is an equal opportunity employer

Help Boost a Local Economy

Head of Economic Development Unit
Up to c. £22k

Your challenge:
to stimulate a local economy in London and create new job opportunities.

Your task:
to launch and lead a new Economic Development Unit, develop policy on economic and employment issues, establish close links with local employers, trades unions and the community and implement initiatives to promote business and industry for the benefit of local people.

Your experience:
will be substantial, probably including time in construction or manufacturing — so you'll have a good grasp of the economic framework. Your forte will be in communicating/negotiating with drive, energy and vision.

The client:
operates across a multi-racial area and is anxious to reflect this in the workforce. Applications are welcomed from people regardless of ethnic origin, disability, sex or sexual orientation.

Austin Knight Selection have been retained to handle initial applications. Please telephone Neil Sampson for an informal discussion on Welwyn (043871) 7052 or Amersham (02403) 5176 in the evening or at weekends.

Alternatively, write to him at Austin Knight Selection, 22 Prospect Place, Welwyn, Herts, AL6 9EN, quoting Ref. AHK 237.

Austin Knight Selection

FOREX APPOINTMENTS

For Forex, Capital Markets and Treasury appointments consult a specialist agency
TERENCE STEPHENSON
Prince Rupert House
8-10 College Hill, London EC4R 1AS
Tel: 01-248 0263

Lloyds Merchant Bank

Economist

An opportunity arises for an ambitious young economist to join Lloyds Merchant Bank as part of our Economics team, which is principally involved in our Gilts company.

The successful candidate will have an excellent academic record in Economics, two or three years experience in financial or governmental environment, and strong personal qualities. Interest in financial markets, flexibility, ability to work to tight deadlines and to communicate clearly and succinctly, are essential.

A competitive remuneration package will be offered, which will include the normal bank benefits.

Please apply in writing,
enclosing full CV to:
Roger Bootle
Chief Economist
Lloyds Merchant Bank Limited
40-66 Queen Victoria Street
London EC4P 4EL

Lloyds Merchant Bank

INVESTMENT STRATEGIST – JAPAN

Are you a young fund manager with an insight into the Japanese equity market? Do you have a formal training in economics? Do you have flair for marketing? Are you interested in shaping truly global investment strategies?

Hoare Govett, one of the leading foreign based brokers in Japanese equities, is looking for an outstanding individual to develop and market its overall investment strategy for the Tokyo market. The successful applicant will be expected to work closely with our Japanese economist and our analytical research team based in Tokyo in developing his/her ideas. In addition, he/she will be required to collaborate with our international economics/strategy team in London in determining global portfolio strategy.

This Tokyo based position is regarded as a key appointment in the development of Hoare Govett's Japanese equity business. We need an experienced Japanese investor with proven flair for marketing. These qualities are more important job requirements than Japanese language ability, as full linguistic support will be provided. Prospects for personal advancement and for developing a reputation as a commentator on the world's second largest equity market are excellent.

Hoare Govett, with the full backing of its parent Security Pacific, is rapidly developing into one of the world's truly global equity brokers. A key component of this development programme is the continued expansion of our excellent reputation for international equity research.

The remuneration package will be attractive to applicants of the highest calibre.

Please apply with full career details to Alan Butler-Henderson, Hoare Govett Limited, Heron House, 319-325 High Holborn, London WC1V 7PB. Telephone: 01-404 0344.

LONDON · TOKYO · NEW YORK · HONG KONG · SINGAPORE · SYDNEY · AUCKLAND · CHANNEL ISLANDS · GLASGOW

HOARE GOVETT

COMPANY SECRETARY/ADMINISTRATOR

A fully qualified Chartered Secretary required for a medium size Group of Companies active in Construction and Property Development in the UK, USA and Western Australia. For this appointment candidates require a practical commercial background, covering company secretarial duties, general administration and corporate relations.

Other attributes required are business judgement and commercial acumen, and ability to give legal advice and contribute to overall strategy. Preferred age range is 35-45 and the successful candidate will be based at Romford, Essex, and responsible to the Group Chairman.

Please write, in confidence, giving full details of previous experience and salary required to:

Mr H. Cowan
H. WEBB (CONSTRUCTION) LTD
Southend Arterial Road, Romford, Essex RM3 0NU

EXECUTIVE JOBS

Now, the complete service for the job seeking executive

Our Executive Marketing Programme is designed to help you find your next position BEFORE it is advertised. Ask for a free confidential meeting.
Our Executive Employment Bulletin offers over 60 top jobs every week. Ask for a *FREE* trial subscription.
If you are currently abroad, enquire about our specialist Expat Service.

32 Savile Row, London, W.1. Tel: 01 734 3879 (24 hrs).

Connaught

International Investment Banking

Corporate Trader

Foreign Exchange

We are seeking to recruit an experienced Corporate Trader to join our expanding Foreign Exchange Division.

The successful candidate will be aged between 28-35 and have at least 3/4 years experience in a major financial institution marketing foreign exchange products to multi national corporations. A thorough in depth knowledge of the foreign exchange markets is required together with ability to interact effectively with other members of the foreign exchange team.

Competitive remuneration will be offered for this position, together with a generous benefits package, including a subsidised mortgage.

Please write with full C.V. to General Manager, Personnel, Manufacturers Hanover Limited, 7 Princes Street, London EC2P 2EN.

MANUFACTURERS HANOVER
The Investment Banking Group

OPERATIONS DIRECTOR SECURITIES

Tokyo

County Securities Japan Limited is part of the NatWest Investment Bank, a significant force in the international equities and debt securities markets.

In this new appointment reporting to the Managing Director, the Operations Director will play a major part in the control and development of the business. Responsible for securities settlements, systems, communications, finance and administration functions, he or she will have considerable impact upon the company's profitability. Liaising closely with the central corporate functions in London, the Operations Director will help structure, guide and manage the growth of the business.

Applicants should preferably be graduates or qualified accountants with an impressive career record to date. A background in financial services is considered essential and should preferably be in securities operations. Applicants may be Japanese nationals wishing to return to Japan or other nationalities who wish to be considered for this appointment on an expatriate basis.

Future prospects within the NatWest Investment Bank Group are excellent and salary and benefits will be competitive with international investment banking practice.

Applications, giving full career details, should be sent to R A Lonsdale, Personnel Director, NatWest Investment Bank, Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2ES.

The NatWest Investment Bank Group

Director Commonwealth Press Union

Applications are invited for the appointment of Director of the Commonwealth Press Union, which serves the interests of member newspapers, news agencies and periodicals throughout the Commonwealth. The post is London-based and the successful candidate will be expected to assume operational duties as soon as possible.

The activities of the Union concern Press freedom, newspaper management and journalistic training and telecommunications generally.

Some knowledge of the media and of the Commonwealth is desirable. Administrative and executive experience are prime requirements. The successful candidate will be responsible for implementation of agreed policies; organising conferences; ensuring proper financial and administrative control and supervising a small secretariat. Occasional overseas travel is involved.

Age—preferably early 50s. Salary negotiable. Non-contributory pension scheme and company car.

Applications, by 15th March 1987, in confidence with a full c.v. and naming two referees, to:

Vice-Chairman of Council
Commonwealth Press Union
Studio House
Hen & Chickens Court
184 Fleet Street
London EC4A 2DU
England

INVESTMENT MANAGEMENT

MORGAN STANLEY ASSET MANAGEMENT

MULTICURRENCY FIXED INCOME MANAGER

Following eighteen months of rapid growth, the London Office of Morgan Stanley Asset Management requires a Multicurrency Fixed Income Manager capable of making an immediate contribution to the work of the Fixed Income Group.

Aged 25-32, and with several years of first class experience with a major institution, central bank or corporation, the ideal candidate will possess a professional qualification or relevant degree and demonstrate a comprehensive knowledge of the world's major bond, money and foreign exchange markets.

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SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Wednesday February 11 1987

Chris Sherwell on the aftermath of Australia's newspaper and TV ownership shake-up

The media magnates remake the jigsaw

TEN WEEKS ago, when Australia's complex jigsaw of media ownership was upset by a change in government regulations, it was Mr Rupert Murdoch who first threw the pieces in the air.

This week, when his breathtaking bid for the Melbourne-based Herald and Weekly Times group (HWT) finally looked assured, the pieces at last appeared to be falling back to earth in a coherent pattern.

On the way, Mr Murdoch had to deal with Mr Robert Holmes à Court, whom he has since called a "genius", and the Fairfax Group, long an arch-rival. Other aspirant media barons also entered the fray. So did the Trade Practices Commission and the Australian Broadcasting Tribunal.

Two key businessmen not directly involved – Mr Kerry Packer and Mr Alan Bond – meanwhile reached their own stunning accord. And as the eyebrow-raising offers kept materialising, forecasts of who would win and who would lose rapidly became outdated.

Even now, the final verdict is yet to come in. But there is little doubt that Mr Murdoch is the main winner. Despite offers amounting to some A$3.3bn (US$2.2bn) for HWT and its 48 per cent-owned associate Queensland Press, he now looks like walking away with money in his pocket.

In the first place he does not appear to be obliged to go ahead with the A$1bn Queensland Press offer, made by Cruden Investments, his family company, at the height of the battle.

Second, the sale of various HWT assets and of Mr Murdoch's television and radio interests looks like realising more than A$1.5bn, to be set against his final A$2.3bn HWT bid.

Finally, Mr Murdoch's cash outlay will be further reduced by A$800m because Queensland Press and the Advertiser Group of Adelaide will be taking News Corporation paper rather than cash for their 36 per cent share of HWT.

Since other shareholders also seem likely to take shares rather than cash, most analysts agree that Mr Murdoch's HWT takeover is for him a remarkable financial success as well as a commercial one.

Even ahead of the final verdict on Australia's latest media ownership battles few doubt that Mr Rupert Murdoch (left) will emerge as the main winner and that he will walk away with money in his pockets. Mr Robert Holmes à Court, meanwhile (right), seems set to head the losers' list, although with him appearances are deceiving and his greatest skill is in assessing equity risk

There is less agreement about the losers. The main one seems to be Mr Holmes à Court, but appearances are deceiving with the Perth-based entrepreneur, whose greatest skill is in assessing equity risk.

Mr Holmes à Court only looks worse off if it is assumed he wanted to build his own national television network, based on his Perth and Adelaide stations.

In this he was thwarted. HWT's Melbourne station went to Fairfax for A$320m, and Mr Murdoch's Sydney and Melbourne stations, along with other interests, went to Northern Star Holdings, a New South Wales provincial media group, via Westfield Capital Corporation, for A$842m.

In both cases this was more than Mr Holmes à Court was prepared to pay. He can still be part of a national network, however, either with Fairfax or with Northern Star, and this offers him further opportunities.

Just as important, Mr Holmes à Court's unfulfilled accord with Mr Murdoch to buy HWT's Melbourne station for A$260m means he can expect A$60m back from Mr Murdoch. This can be offset against the A$200m he paid for HWT's West Australian Press interests, making them a bargain.

As these newspapers can in turn be printed on his expensive and under-used new press, Mr Holmes à Court stands to gain here, too. Apart from all this, his profit from holding HWT and Queensland Press shares is reckoned to be substantial.

The biggest question mark hangs over the Fairfax Group, which publishes the Sydney Morning Herald and the Melbourne age – both of which earn vast renevues from classified advertising in Australia's two largest markets.

More than anything else, Fairfax wanted HWT for the Brisbane Courier-Mail and the Adelaide Advertiser newspapers. This would have given it the country's four main classified advertising outlets. Fairfax got neither, and ended up paying a hefty sum for a third television station.

This has put the group in the position of infringing the proposed rule against cross-ownership, which aims to prevent a group owning a television station and a large local newspaper in the same area.

Since Fairfax has indicated that it does not intend to sell the Melbourne Age, it will have to dispose of the new station or at least restructure its ownership. Yet the group says it will await the new legislation – leading some to suggest that it is hoping the rules will be more favourable than expected.

How Fairfax intends to pay for the station and its A$40m acquisition from Mr Murdoch of New South Wales country papers remains unclear. It has cash in the bank, but seems more likely to borrow funds than issue shares, which might be costly for the controlling Fairfax family.

The group's stock has meanwhile been the subject of takeover speculation. Some analysts feel Fairfax shares, now at close to record levels, still do not reflect values for its television stations in Sydney and Brisbane and its collection of newspaper titles.

One option open to it when new ownership legislation is enacted would be to float off its television interests along with those of, say, Mr Holmes à Court. On current valuations, this would allow it to realise a hefty extraordinary profit.

A slightly different course is being followed by Mr Bond, who in the midst of the HWT battle pulled off his own coup by purchasing Mr Packer's Melbourne and Sydney television stations and other electronic interests for A$1.1bn to create a four-station national network.

Mr Bond will back the Packer assets and his existing Perth and Brisbane stations into Bond Media, a new public company being floated to operate the group's media activities.

Because Mr Bond's existing media interests are being revalued, the group will have an unrealised profit which will cut the cash needed to secure the 50 per cent stake it wants in Bond Media.

Pointing to this and to the fact that the new network has a clear start on its competitors, analysts say the initial stunned reaction to the price for the Packer interests was misplaced.

Like the Fairfax Group, Mr Bond is himself technically in breach of the existing law limiting television ownership to two stations. Unlike Fairfax, however, he has based his deal clearly on government assertions that its new rules are already operative.

The immediate question to be resolved concerns the precise composition of the other commercial networks. The common assumption is that Mr Holmes à Court will join with the Fairfax Group, while Northern Star will pick up Mr Kerry Stokes, who now has three stations, and Mr Christopher Skase, who owns a station in Brisbane.

The biggest surprise of the media shake-up is that the Government's new ownership rules have brought the departure from television of both Mr Murdoch and Mr Packer. The biggest question mark, at least financially, is whether the new media magnates will be looking as good in three years' time as they are now.

Aga to lift dividend despite decline

By Kevin Done in Stockholm

AGA, the Swedish industrial gas group, suffered a fall of 7.2 per cent in profits last year with a sharper drop in the operating income of its dominant gas operations.

Group profits, after financial items, dropped to SKr 845m ($130m) from SKr 911m in 1985, while group turnover fell 4.5 per cent to SKr 9.3bn. Aga plans to increase its dividend to SKr 4.50 a share from SKr 4.00 in 1985.

Group profits, before allocations and tax, rose by 10.8 per cent helped by net extraordinary profits of SKr 160m arising partly from the disposal of hydro-power assets.

The sales of the group's gas operations rose slightly to SKr 4.86bn from SKr 4.68bn a year earlier, but operating income declined 20.6 per cent to SKr 561m from SKr 707m in 1985.

AGA said yesterday that income from its gas operations had been hit by the fall in the value of the dollar, which had also had an impact on income from the group's operations in Latin America.

The company had also been hit by intensified competition in Scandinavian markets, as well as weak industrial development in the US, Mexico and Finland.

Profit margins for the gas business were also weakened by the costs of a much higher level of capital investment and higher spending on product development and marketing.

Total group capital investment rose to a record SKr 1.37bn compared with SKr 1.21bn in 1985 and SKr 711m in 1984.

During the past year AGA has acquired additional gas distribution companies in Norway and the US

Société Générale to be floated later this year

BY GEORGE GRAHAM IN PARIS

THE FRENCH government will privatise Société Générale, the country's fourth largest banking group, in the second half of this year.

The huge success of the flotation of Paribas, the investment banking group, which drew 3.8m individual investors, has encouraged the French Finance Ministry to accelerate its privatisation programme.

The sale of Société Générale could take the Government's privatisation receipts to nearly FFr 70bn ($11.5bn) this year, more than double the original projection of FFr 30bn.

The banking group is capitalised at around FFr 18bn on the basis of the non-voting preferred certificates of investment it has in circulation.

Founded in 1864, Societe Generale was nationalised in 1945 by General Charles de Gaulle along with Banque Nationale de Paris, Credit Lyonnais and three of the country's biggest insurance companies.

It is the smallest of France's "big three" deposit banks, and it will be the first of these state companies to be privatised.

Group consolidated earnings in 1986 are expected to have risen by more than 50 per cent from the previous year to FFr 2.5bn to FFr 2.6bn, thanks to capital gains realisations.

Mr Marc Vienot, Société Générale's president, recently announced a reorganisation of the group's financial structure to tidy up its crossholdings and bring FFr 6bn to FFr 8bn of unrealised capital gains on to its balance sheet.

Société Générale's subsidiary in the Alsace region, Sogenal, is already in the privatisation queue and is expected to be floated at the end of this month.

The choice of Société Générale has disappointed Crédit Lyonnais, the second of the big three commercial banks, whose chairman, Mr Jean-Maxime Leveque, has made no secret of his anxiety for it to be privatised soon.

It has also caused concern at the Suez investment banking group, which is eager to join its rival Paribas in the private sector.

The success of the St Gobain and Paribas privatisations, respectively 14 times and 38 times subscribed, has led the Finance Ministry to look again at the absortpive capacity of the financial markets in 1987 and to speed up its rate of floating the state-owned companies.

The demand from individual investors for Paribas shares has also started to cause concern at Crédit Commercial de France.

For CCF, much smaller than Paribas, even 600,000 applicants would represent a tidal wave and anything approaching Paribas's 3.8m would swamp it.

The privatisation of the four state sector insurance companies is proving much more difficult.

Mr Edouard Balladur, Minister for the Economy, Finance and Privatisation, was yesterday cautious over the chances of floating Assurances Générales de Frances – originally due to be one of the first three companies to be privatised – this year.

Problems over AGF's corporate structure and over the fair division of unrealised capital gains between its policy holders and future investors had already delayed its sale date until the autumn.

Mr Balladur yesterday would say no more than that he hoped to privatise at least one of the four state insurance groups before the end of 1987.

No decision has yet been taken over whether this would still be AGF or Mutuelles du Mans

Warner strongly ahead in quarter

By Roderick Oram in New York

WARNER COMMUNICATIONS has reported strong operating profits for the fourth quarter and year, thanks to record contributions from all three of its main divisions films, music and cable television.

Net profits for the three months ended December 31 were $62m, or 38 cents a share, compared with $111.2m, or 82 cents a year earlier.

The latest period included $22.1m, or 16 cents, profits from discontinued operations, while the year earlier included $94m, or 70 cent after-tax gain from sale of investments. Revenues rose 28 per cent to $822m from $644m a year earlier.

Full-year net from continuing operations was 91 cents a share, against 67 cents a year earlier. Final net was $185.8m, or $1.26 a share, compared with $195.3m, or $1.43 a year earlier.

The latest period included net gains of $61.9m and the previous year included a net gain of $102.4m from the sale of investments. Revenues rose 28 per cent to $2.85bn from $2.23bn.

Total debt at the year-end was about $520m after the completion of Warner's $393m purchase of American Express's 50 per cent stake in Warner Cable, their cable television joint venture.

Analysts point out that Warner is enjoying a boom in its music business,

It should benefit substantially this year from Little Shop of Horrors, a film version of the long-running musical, launched recently to good reviews.

US quarterly results, Page 37

Buy-out approved by Owens-Illinois

BY JAMES BUCHAN IN NEW YORK

OWENS-ILLINOIS, the diversified US Glass container maker, yesterday agreed to a sweetened offer of $3.64bn, or $60.50 a share, in cash from Kohlberg Kravis Roberts, the Wall Street investment firm which specialises in taking companies private in leveraged buy-outs.

The agreement follows meetings between the two companies on Monday and marks the second time Kohlberg has improved its offer in the face of scepticism by Owens-Illinois' outside directors.

Kohlberg, which first approached Owens-Illinois in December with an offer of $55 a share in cash and securities, last month improved the terms to $60 a share. This comprised $48.50 in cash with the remainder in a junior security.

Yesterday's agreement calls for shareholders to be bought out entirely in cash.

The Ohio company, which also has interests in packaging, timber, health-care and financial services, said it had looked for matching offers from elsewhere but evidently was unsuccessful.

After the rejection of the $55-a-share offer, the Owens-Illinois board proposed to drive up the company's share price through share repurchases and operational cost savings financed by the sale of about $1bn in assets, mostly timberlands.

However, Wall Street was doubtful whether the board's plan would result in a share price of $60.

Kohlberg said the buy-out would be financed with $3.27bn in bank debt provided by a syndicate led by Bankers Trust and $600m in junior subordinated notes to be placed by Morgan Stanley.

Skandia Life in bid to boost property interests

BY SARA WEBB, STOCKHOLM CORRESPONDENT

SKANDIA LIFE, the life insurance subsidiary of Skandia, the leading Swedish insurance group, is bidding SKr 2.7bn ($415m) for Stockholms Badhus, a big Swedish property companys, in order to strengthen its position in the domestic property market.

The acquisition would place Skandia on a level with Skanska, the Swedish construction, property, and investment group, as the largest property owner in Sweden.

Skandia is offering SKr 180 for each A share and SKr 145 for each B share. The offer applies to outstanding convertible shares in the company.

The main shareholders in Stockholms Badhus are Skanska, which controls 29 per cent of the capital and 33 per cent of the votes, and Investment AB Beijer, the Swedish holding company which controls 28 per cent of the capital and 49 per cent of the votes. They are expected to take up the offer later in the spring when they have held the shares for long enough to make use of certain Swedish tax benefits.

Skandia already controls 12 per cent of the capital and 4 per cent of the votes in Stockholms Badhus.

Nabisco rises to year-end record

By Our Financial Staff

RJR NABISCO, the major tobacco and foods group, lifted 1986 net earnings from continuing operations by 11 per cent to a record $1.08bn, or $3.90 per share, from $976, or $3.50, due in part to the inclusion of Nabisco Brands for the whole year.

Pre-tax earnings from continuing operations rose 19 per cent to $2.38bn from $2.08bn in 1985. Revenues rose 29 per cent to $15.98bn from $12.39bn in 1985.

Operating earnings in 1986 were affected by a $76m, or 30 cents-per-share, charge for early retirement of high-cost debt and a one-time corporate restructuring and streamlining programme.

Worldwide tobacco operating earnings rose 12 per cent to $1.66bn in 1986, and earnings from its domestic tobacco operations rose 15 per cent.

In its food and beverage business, sales of Nabisco Brands and Heublein, the wine and spirits group which RJR said in January it planned to sell, jumped 45 per cent to $10.11bn from $6.97bn in 1985.

Operating earnings for the group rose 41 per cent in 1986 to $957m.

Fourth-quarter income from continuing operations dropped 2 per cent to $324m from $331m in the corresponding 1985 period, but operating share earnings rose 11 cents to $1.26 on lower preferred dividend payments.

BBL, Iccri in joint venture

BANQUE BRUXELLES Lambert, the Belgian banking and securities group, has set up a joint venture with Istituto di Credito delle Casse di Risparmio Italiane (Iccri), a state-controlled Italian financial institution, that will enable both parties to expand their operations in Italy, Reuter reports from Brussels.

Iccri will take a 50 per cent share in Finanziaria Bruxelles Lambert, BBL's Italian merchant bank subsidiary, which has been wholly-owned by the Belgian parent until now. It will gain its stake by doubling the Italian subsidiary's capital to L8bn ($6m).

Iccri, owned by 88 private regional and local savings banks, will also take 50 per cent stakes in Finanziaria Bruxelles Lambert's two subsidiaries, Fiduciaria Bruxelles Lambert and Bruxelles Lambert Leasing, through share purchases.

Amax bounces back with $14m

BY STEFAN WAGSTYL IN LONDON

AMAX, the US mining group which suffered heavy losses through the collapse in molybdenum prices after 1980, has recorded its first annual net profit in five years. After losing $1.7bn net in 1981-1985, the company yesterday announced net earnings for 1986 of $14.3m, or 5 cents a share. In 1985, Amax lost $621m, or $9.35 a share.

Mr Allen Born, who took over in 1985-86 as president and chief executive officer from Mr Pierre Gousseland, conceded that the 1986 result included a number of favourable special items – among them a $110m one-off gain from changing pension fund payments.

However, he added that earnings from operations were also greatly improved, which was critical to the future of Amax.

Amax's debts, built up during the company's rapid expansion in the 1970s, increased over the year to $2.4bn – or 73 per cent of shareholders' funds. This was due to the $335m acquisition of the 50 per cent interest in Alumax, the fourth-largest US aluminium company, which Amax did not already own, and taking Alumax's $517m debt on to the Amax balance sheet Mr Born forecast that debt would fall to $2bn by the end of 1987.

Mr Born predicted 1987 net earnings of between 20 cents to $1 a share – or about $57m to $285m – depending on prices for the company's main commodities: aluminium, coal, gold and molybdenum.

For the fourth quarter of 1986, Amax's net loss was $49.7m, or 70 cents a share, including a $45m write-down on the El Mochito mine in Honduras. The loss for the same period in 1985 was $103m or $1.58 a share.

INTERNATIONAL COMPANIES and FINANCE

KOP hit by costs of devaluation battle

BY OLLI VIRTANEN IN HELSINKI

KANSALLIS-Osake-Pankki (KOP), one of Finland's two leading banks, reports that the Bank of Finland's measures in the fight against devaluation cost it some FM 110m ($24m) in operating profit last year. The central bank raised its call money rate to a record 40 per cent last summer to protect the Markka against speculation.

Kansallis Banking Group's operating profit for 1986 was FM 852m, up 3 per cent from 1985. Total consolidated assets rose by 25 per cent to FM 101.46bn.

Mr Jaakko Lassila, chairman, said the annual result was "satisfactory." The parent bank's operating profit was up 2 per cent at FM 675m.

The bank's net interest income rose by 9 per cent to FM 1.1bn. Gross interest income was up 6 per cent and interest expenses 5 per cent. Non-interest income rose by 18 per cent and non-interest expenses by 17 per cent.

Loan charge-offs increased last year to 0.13 per cent of total domestic and foreign lending and guarantees. KOP's funding switched from domestic sources to international markets. Public deposits in Finland increased by 9 per cent to FM 37.4bn, whereas deposits outside Finland rose by 53.5 per cent to FM 8.26bn. Liabilities to foreign banks totalled FM 28.73bn, an increase of 48.9 per cent.

Union Bank of Finland was also affected by the high call money rate last summer. Its operating profit was up 9 per cent at FM 838.5m. The bank's preliminary figures put the total assets at the end of 1986 at FM 104.7bn, up 17 per cent

The assets of the parent bank rose by 43 per cent, mainly thanks to the merger with the Bank of Helsinki, to FM 86.5bn.

IKB loans increase

BY DAVID MARSH IN BONN

INDUSTRIEKREDITBANK (IKB), the Düsseldorf-based West German bank specialising in long-term loans to industry, reported a 12.5 per cent increase in interest earnings to DM 190m ($105m) in the first nine months of the current business year ending in March.

The bank, in which the "big three" German commercial banks have a combined holding of 26 per cent, said long-term loans to customers rose 15 per cent to DM 13.5bn during the period.

The rise was partly due to transfer of loans from the bank's Luxembourg subsidiary to its branch in the Grand Duchy.

Despite buoyant loans growth, the bank – reckoned to be the market leader in long-term credits to German companies – sounded a note of warning over a forthcoming economic slowdown.

Mr Siegfried Cassier, its chief economist, said gross national product growth in West Germany could be as low as 1 per cent this year. Next year could see a "Short, sharp downturn" – although he did not foresee an outright recession.

Viacom rejects $3bn takeover bid by National Amusements

VIACOM INTERNATIONAL, the US broadcasting and cable TV group, yesterday rejected the near $3bn takeover offer it received earlier this month from Arsenal Holdings, a subsidiary of theatre chain group National Amusements.

Viacom said a special committee of its board had concluded that Arsenal's offer – $44.75 per share in cash and preferred stock, was not more favourable than the company's existing merger agreement with a group that includes members of senior management.

Arsenal has maintened that its offer represents a significant increase over the earlier one from management, which comprises $37 in cash, a fraction of a preferred share worth $7 and a portion of a 20 per cent stake in the new company.

US NEWS IN BRIEF

American Medical International, the large US private hospital operator, has rebuffed the unsolicited $1.7bn takeover bid from Dr Leroy Pesch, a Chicago physician and investor.

AMI said its board concluded that last week's proposal from Dr Pesch was not in the best interests of shareholders and that it had no interest in pursuing the matter.

Mr Walter Weisman, president and chief executive of AMI, said: "The benefits of the major restructuring programme set in motion during the past year are, in the board's judgment, only beginning to be reflected in operating results, and shareholders should have the opportunity to share in these benefits going forward."

PETROBRAS, Brazil's state oil monopoly reported consolidated net profits of Cr 28.4bn ($1.9bn) at year-end exchange rates for 1986, up 50.7 per cent in real terms over the Cr 11.1bn earned in 1985.

Petro-bras, which imports petroleum to meet 40 per cent of domestic consumption, attributed the "good" results to low international interest rates that reduced financing costs on imports, lower prices for petroleum which averaged US $12.69 per barrel last year, and Brazil's fixed cruzado-dollar exchange rate in place from March through October. Sales totalled Cr 192bn last year.

Domestic consumption increased during 1986's consumer boom and Brazil increased its production by 5.3 per cent to a daily volume of 593,000 barrels, helping to save the country $1.7bn through lower import volume.

Two subsidiaries, Petrofertil, a fertiliser company and Braspetro, an overseas exploration and drilling company, suffered losses of Cr 925m and Cr 236m respectively. The remaining four subsidiaries operating in trading, petrochemicals, mining and fuel distribution showed profits.

EATON, the Cleveland, Ohio-based manufacturer of electronics and vehicle parts, has reported a decline in net income for the 1985 fourth quarter at $46.8m, or $1.53 a share, against the year-ago quarter's $55.2m, or $1.67 a share.

Sales were marginally higher at $1.03bn, compared with $983.6m a year earlier.

For the full year sales rose to a record $3.81bn from 1985's total of $3.67bn. However, earnings fell to $137.6m, or $4.29 a share, compared with $230.0m, or $7.01.

The full-year earnings were reduced by a $41m after-tax charge in the third quarter.

Mr James R. Stover, Eaton's chairman and chief executive, said there had been a "healthy improvement" in the company's electronics and controls segment.

"Demand is strengthening in several of our key markets, but it is too early to tell if it will be sustained."

Milan's brokers study longer day

By Alan Friedman in Milan

MILAN'S 120 registered stockbrokers met last night to consider lengthening the trading day on the bourse from its 1.45pm close.

The prospect of longer working hours for the Milanese stockbroking fraternity is seen by the brokers as a possible response to the recent introduction of continuous and electronic share trading at Banca Nazionale del Lavoro (BNL), the Rome-based bank, and at Sige, the merchant banking subsidiary of the IMI state credit institute.

INTERNATIONAL CAPITAL MARKETS and COMPANIES

Rash of D-Mark issues unsettles secondary trade

BY ALEXANDER NICOLL AND CLARE PEARSON

THE D-MARK Eurobond market saw a DM 1.35bn rash of new issues yesterday from borrowers hoping to meet investors' appetite for the currency amid its continued rise against the dollar.

The new issue volume slightly unnerved traders in the secondary market, where prices were narrowly mixed. Buying activity was expected to re-emerge, however, when market conditions stabilise somewhat.

The largest new issue was for **Austria**, which raised DM 700m in six, 10 and 15-year tranches. Led by Dresdner Bank, the deal consisted mainly of a DM 500m 10-year issue with a 5¾ per cent coupon, priced at par. In addition, it included a DM 100m six-year issue with a 5⅜ per cent coupon priced at par and a DM 100m 15-year issue priced at 100½ with a 6¼ per cent coupon.

Market reaction was mixed, with the shorter-term bonds quoted at discounts well within the total fees and the other offerings bid at discounts close to their total fees.

India's Oil and Natural Gas Commission, borrowing with India's guarantee as did the **Industrial Development Bank** in Swiss francs earlier in the week, raised DM 150m with a seven-year issue which was well received. The issue, led by Commerzbank, was priced at par with a 6⅛ per cent coupon.

Later in the day, Commerzbank was also reported to be leading a DM 300m 10-year issue for Quebec, priced at 100¼ with a 6 per cent coupon.

The World Bank made a DM 200m private placement led by Westdeutsche Landesbank. The six-year issue was priced at 100¼ with a 5½ per cent coupon.

INTERNATIONAL BONDS

In the Eurosterling market, Baring Brothers, with Cazenove as co-lead manager, issued a £50m convertible issue for **W. H. Smith & Son (Holdings)**, the UK retailing company—its first venture into the Eurobond market.

Even though it did not include an investor's put option, the terms of the par-priced 15-year deal were thought generous with an indicated 7½ per cent coupon and a 10 per cent conversion premium. It was quoted at 102½ bid.

Convertible into W. H. Smith "A" ordinary shares, it is callable at 106 in the first year and then at declining premiums.

Meanwhile, Credit Suisse First Boston cut the coupon on Asda-MFI's convertible by ¼ percentage point from the indicated level to 4¾ per cent and also increased the deal by £20m to £120m, making it the largest ever sterling convertible.

Daiwa Europe was also breaking records, this time in the Euroyen market, when it launched a Y20bn deal for the EEC—the first Euroyen issue with a coupon below 5 per cent.

The reception for the six-year issue, priced at 101½, was not adversely affected by its 4¾ per cent coupon, as five-year Euroyen bonds are in strong demand at the moment. The issue was quoted at a bid price of 99¾, against 1⅞ per cent fees.

Nomura International led a Y15bn five-year deal for **National Australia Bank**. The issue, priced at 101⅞, pays interest at 1 per cent in the first two years, and at 7.825 per cent thereafter.

Renewed weakness in the dollar caused prices of Eurodollar bonds to fall by up to ¼ point yesterday. But the one issue in this sector, Credit Suisse First Boston's $200m issue for **IBM Credit Corporation**, was helped along by solid Swiss demand and its short, three-year life.

Nevertheless, the 6⅞ per cent bond, priced at 101.05, was bid at a discount to issue price of about 1.60 points, outside its 1⅜ per cent fees.

Orion Royal Bank led a A$50m three-year 14¾ per cent issue for **BremerLandesbank**, guaranteed by NordLB and the City of Bremen. The issue was priced at 101⅜.

Five-year facility for Philips

BY ALEXANDER NICOLL, EUROMARKETS EDITOR

PHILIPS ELECTRONIC and Associated Industries, the main UK arm of the Dutch Philips group ,has mandated Barclays de Zoete Wedd for a £50m five-year facility enabling it to raise money through bankers acceptances or cash advances.

The underwriting fee for the facility, which will employ the tender panel structure, will be 6.25 basis points and the maximum spread over money market rates will be 12.5 basis points. A small number of relationship banks are being invited into the deal. Borrowings will not carry the parent's guarantee.

● **Household Finance**, an Illinois-based financial services company, is tapping the Euromarkets for a $300m revolving credit facility being arranged by Swiss Bank Corporation International.

The five-year facility will enable it to draw advances at a maximum of 18.75 basis points over Libor, with a five basis point utilisation fee if outstandings exceed half the total. There is a commitment fee of eight basis points on undrawn amounts.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on February 10

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amer. Express 7⅝ 93	100	†98⅜	98⅝	0	0	7.94
A/S Eksportfinans 7⅝ 93	100	99⅛	99⅝	−0¼	−0⅜	7.69
Australia Com. 11 95	200	115⅞	116⅜	−0¼	−0⅜	8.25
Australia Com. 11¼ 00	100	116	116½	−0½	−0½	9.10
BP Capital 9⅛ 94	100	106⅛	106⅞	0	0	7.87
British Telecom 7⅝ 96	250	97½	98	−0⅛	−0¼	7.96
Campbell Soup 10½ 95	100	113¼	113¾	−0⅛	−0⅛	8.23
Canada 9 96	1000	107⅞	108⅛	0	0	7.75
Canadian Pac. 10¼ 93	100	109	109½	−0¼	−0¼	8.77
CCCE 7⅛ 91	113	99⅛	99½	0	−0¼	7.31
CNCA 7¼ 91	150	99¼	99¾	−0⅛	−0⅛	7.37
Citicorp 8¼ 93	200	97⅞	98⅜	0	−0⅜	8.62
Credit Lyonnais 9 91	200	105	105½	−0⅛	−0¼	7.44
Credit National 9⅛ 93	150	106¼	106¾	+0⅛	+0⅛	7.73
Credit National 7¼ 91	150	99⅜	99⅞	−0¼	−0⅛	7.34
Denmark Kingdom 7⅛ 92	500	98	98⅜	−0⅛	−0⅛	7.58
Denmark Kingdom 8¼ 91	300	102⅜	102⅞	−0⅛	−0⅛	7.51
EEC 7 91	100	99	99⅜	−0⅜	−0⅛	7.21
EEC 8¼ 96	100	103¼	103¾	−0⅜	−0⅜	7.70
EEC 8⅝ 91	250	105¼	105¾	−0⅜	−0⅛	7.01
EIB 7⅝ 93 B	100	99¾	100¼	−0¼	−0¼	7.62
EIB 7⅝ 93 A	100	100	100½	−0¼	−0¼	7.57
Eurofima 7¾ 91	100	101½	102	−0¼	−0¼	7.26
Finland 7⅞ 97	100	99¾	100⅛	−0⅛	−0⅛	7.87
Finland 7½ 93	200	99⅛	99⅝	−0¼	−0⅛	7.61
Ford Motor Cred. 10½ 91	250	110¼	110¾	−0⅛	−0¼	7.75
Ford Motor Cred. 11⅜ 90	100	110⅜	111	−0¼	−0¼	7.32
Gen. Elec. Cred. 10¼ 00	200	†106⅜	106⅞	+0⅛	+0⅛	9.35
GMAC 10¼ 89	200	106⅞	107⅜	+0⅛	0	6.79
GMAC 8½ 93	200	103⅝	104⅛	0	+0⅛	7.69
IADB 9⅞ 95	200	112⅜	112⅞	−0¼	−0⅜	7.84
Liberty Mutual 8½ 96	150	102¼	102¾	−0⅛	+0⅛	8.02
LTCB of Japan 8 91	100	102¼	102¾	0	−0⅛	7.31
Merrill Lynch 8¾ 91	100	103¼	104⅛	−0⅛	+0⅛	7.71
Mercds.-Benz Cred. 7½ 93	100	100⅝	101⅛	−0⅛	−0⅛	7.31
Mitsubishi Fin. 7⅞ 93	100	99¾	100¼	0	−0⅛	7.87
Mutual America 7⅝ 92	100	99¾	100¼	−0⅛	−0⅜	7.62
Norway Kingdom 7¼ 91	500	100	100½	0	0	7.17
Pepsico Inc. 7⅞ 93	200	98¼	98¾	−0⅛	0	7.67
Qantas Airways 10⅜ 95	140	112¾	113¼	−0⅜	−0⅛	8.16
Queensland Govt. 10¼ 95	100	111⅛	111⅝	−0⅜	−0⅛	9.24
Ralston Purina 11⅞ 95	150	†115⅜	115⅞	−0¼	−0¼	8.97
Saab Scania 9½ 91	125	105¼	105¾	−0¼	−0⅜	7.85
Saskatchewan 10¼ 92	100	112½	113	−0¼	−0¼	7.61
State Bk. S. Aust. 9¼ 93	100	105⅝	106⅛	−0¼	−0⅜	7.93
Statoil 10 90	170	107¾	108¼	+0⅛	0	7.38
Swed. Exp. Cred. 7¼ 91	100	99⅜	99⅞	−0⅜	−0⅜	7.40
Swed. Exp. Cred. 10 92	100	110¼	110¾	−0⅜	−0⅜	7.51
Sweden 8¾ 96	200	105⅜	105⅞	−0⅜	−0¼	7.86
Sweden 10¼ 92	250	112⅛	112⅝	−0¼	−0½	7.52
Sweden Kingdom 10⅞ 90	200	110⅞	111⅜	0	+0⅛	6.92
Sweden Kingdom 7 91	250	98½	99	−0⅜	−0½	7.31
Taiyo Finance 7¾ 94	100	98½	99	−0¼	−0½	7.99
Toyota Motor Cred. 8 89	100	101¾	102¼	0	−0¼	6.79
Toyota Mtr. Cred. 7⅛ 92	150	101⅛	101⅝	0	−0¼	6.73
Victorian Rep. 11⅝ 92	150	115⅛	115⅝	−0¼	−0¼	7.90
World Bank 8½ 16	150	†100	100½	−0¼	−0⅜	8.47
World Bank 7 92	300	99⅜	99⅞	−0¼	−0⅛	7.09
Yasuda Trust Fin. 8½ 93	100	103⅛	103⅝	−0⅛	0	7.82

Average price change on day −0⅛ on week −0¼

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 8 94	200	†118⅛	118⅝	0	−0¼	6.23
Austrian Elec. Co. 6½ 95	150	†101⅜	101⅞	+0⅛	+0⅜	6.25
BMW 5¾ 96	200	†92¾	93¼	−0¼	+0⅜	6.23
Daimler Benz Int. 5¾ 01	500	†92¾	93¼	+0⅜	+0⅛	6.48
Dow Chemical 5⅞ 96	300	†94⅞	95⅜	+0⅛	+0⅛	6.37
Dow Chemical 6¼ 95	300	†103	103½	−0⅛	+0¼	6.25
EIB 5½ 98	150	†94	94½	−0¼	−0⅜	6.22
EIB 6⅛ 96	300	†100	100½	−0¼	0	6.06
EIB 6⅞ 95	300	†104½	105	+0⅛	+0¼	6.15
EIB 6 97	300	†99⅜	99⅞	−0¼	−0¼	6.10
Embart Corpn. 6¾ 95	175	†102	102½	+0⅛	0	6.40
Eurofima 6¼ 96	100	†100⅞	101⅜	+0⅛	+0⅛	6.05
Ex.-Im. Bk. Korea 7⅝ 90	100	†103⅞	104⅜	−0¼	−0⅛	6.30
Finland Republic 7 92	200	†105¼	105¾	0	+0⅛	5.69
Hoesch Intl. Fin. 7 95	100	†103	103½	−0⅛	−0⅜	6.50
Hydro Quebec 5½ 96	125	†95⅜	95⅞	0	−0⅛	6.17
Hydro Quebec 6 16	150	†86½	87½	+0⅜	+0⅛	7.06
IBJ 5⅝ 96	200	†95½	96	0	−0⅛	6.24
Ireland 8⅛ 92	150	†107¾	108¼	0	−0⅛	6.23
I/S Elsam 6¼ 93	125	*†101¼	101¾	0	+0⅛	6.51
Korea Dev. Bank 6⅝ 93	100	†100½	101½	0	+3¼	6.42
Mitsubishi M. 3⅛ 89 WW	100	†105½	106	−0¼	−0⅜	1.07
Mitsubishi M. 3⅛ 89 XW	100	†95	95½	0	−0⅛	4.94
Reufe 7¾ 95	100	*†102	102½	0	−0⅛	7.37
Soc. Cent. Nuclear 7¼ 95	150	†101¼	102¼	0	+0⅛	6.80
Soc. Cent. Nuclear 8 91	100	†106¾	107¼	0	−1⅛	6.05
Steweag 5½ 96	100	†93	93½	−0⅜	−0⅜	6.49
World Bank 7 95	600	†105¼	105¾	−0⅛	+0¼	6.14
Yorkshire Intl. 6¼ 01	200	*†92¼	92⅞	0	+0⅛	7.12

Average price change on day +0⅛ on week −0¼

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev. Bk. 5⅝ 96	100	*†103⅜	103⅞	0	+11¼	5.19
Amer. Corp. 5¼ 01	200	†91⅞	92	0	0	6.12
Baker Int. 4½ 96	200	†90	90¼	+1	+1	5.50
Carlsberg 5 96	80	*†102⅞	103	0	−0⅛	4.61
Chujitsuya 5¾ 94	50	†102½	103	+0⅛	+0⅛	4.92
Deutsche Bk. Fin. 5⅜ 95	100	†107⅛	107½	0	+0¼	4.26
Gen. Occidentale 4½ 94	80	†152	152½	+1¼	+1	−1.68
Glendale F. S. & L. 5½ 95	100	†103	103¼	+0⅛	0	5.04
Humana 5⅛ 98	120	*†96¾	97¼	0	−0⅛	5.46
Industrial Credit 5¾ 96	75	†100⅞	100¾	−1⅛	+1	5.66
Japan Dev. Bk. 5⅛ 97	100	†103½	104¼	0	−0½	4.65
Oberos. Kftwk. 5⅛ 95	100	†104	104¼	0	+0¼	4.74
Olivetti Intl. 5½ 95	100	†105	105¼	0	+0½	4.75
Pepsico 5¾ 95	130	†104½	104¾	+0½	−0⅜	4.58
Prov. of Manitoba 4¾ 94	200	†101¾	102	0	+0¼	4.46
Ralston Purina 5⅞ 94	125	†107	104	+0¼	+2⅛	4.82
Settsu Euro. 0 01	100	†46½	46¾	−0⅛	−0⅜	5.57
Tohoku Elec. Pwr. 4⅞ 96	150	†99¾	100	−0¼	−0¼	4.89
USX Corpn. 5¾ 98	100	†95½	95¾	0	+2	6.29
World Bank 5⅜ 94	150	†104¼	104½	+0⅛	+0¼	4.75

Average price change on day +0⅛ on week +0⅞

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amer. Expr. OS Cr. 5⅞ 91	20	103⅜	103⅞	0	+0¼	4.89
Denmark 6⅛ 96	10	107¼	107⅞	+0⅛	+1	5.34
Denmark, Kingdom 5⅛ 92	130	100¾	101¼	−0⅛	+0⅛	4.89
GMAC 5¼ 91	60	102	102½	0	+0⅜	4.81
EIB 6⅛ 96	25	105¼	106¼	0	+0⅜	5.28
Sweden, Kingdom 5⅛ 95	20	103	103⅜	0	+1	5.16

Average price change on day 0 on week +0⅜

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
AB Electrolux 14½ 90 A$	50	99	100	+0⅛	−0¼	14.38
Amatil Fin. 14¾ 90 A$	40	99	100	0	−0¼	14.87
Amro Bank 14¼ 90 A$	60	99¾	100¼	0	0	14.12
BHP Fin. 14¼ 92 A$	75	99⅛	99¾	0	0	14.43
Colgate-Palm. 14¼ 91 A$	75	99¼	99¾	0	0	14.33
GMAC 12⅞ 89 A$	40	96⅛	97⅛	+0¼	−1⅛	14.64
Landsbk. Rhein. 13 89 A$	30	97⅞	98⅜	+0⅛	+0⅜	14.13
McDonald Syst. 14½ 94 A$	50	100⅝	101⅛	0	0	14.25
Canadian Pac. 10⅜ 90 C$	75	†100¼	100¾	−0½	+0½	7.59
Chrysler Corpn. 10 91 C$	75	101⅝	102⅛	−0¼	+0½	8.68
Genstar Fin. 11¼ 95 C$	75	†108¾	109¼	−0¼	+0⅜	10.08
GMAC 9¼ 92 C$	75	101¾	102¼	−0⅜	+0⅜	8.74
Royal Trustco 10⅜ 90 C$	75	105⅜	105⅞	−0⅛	+0⅜	8.56
Sears Acc. 10⅝ 92 C$	75	†105⅝	106⅛	−0½	+0¼	9.22
Coca-Cola F. C. 17 90 NS	75	†99¾	100¼	−0½	−0¼	16.77
Denmark 17½ 89 NS	50	*†102¼	102¾	0	0	16.08
Unilever Cap. 17½ 89 NS	50	†99¾	100⅛	−0½	−0¼	17.46
Copenhagen City 9 95 Ecu	40	*†101¼	101¾	0	−0½	8.80
EIB 7⅝ 91 Ecu	100	*†99½	99⅞	0	+0⅛	7.49
EIB 8⅝ 93 Ecu	100	*†104⅜	104⅞	0	−0⅛	7.59
Walt Disney 8¾ 94 Ecu	62	*†103⅜	103¾	0	+0⅛	8.03
Honda Mtr. WW 3⅞ 90 Fl	100	109¼	109⅝	−0¼	−0½	0.77
Honda Mtr. XW 3⅞ 90 Fl	100	92⅞	93½	+0⅛	0	6.38
Thyssen 7¼ 90 Fl	50	103⅛	103⅝	+0⅛	+0¼	6.15
Wereldhave 7½ 90 Fl	75	104⅛	104½	0	0	6.05
Wessanen 6¾ 90 Fl	50	101⅝	102⅛	−0⅛	0	6.14
Australia Com. 11 92 £	40	†101⅝	102⅛	−0½	0	10.49
Imp. Chem. Inds. 10 03 £	100	93⅛	93⅝	−0⅜	+0⅜	10.80
Imp. Chem. Inds. 10¾ 92 £	75	102⅛	102⅝	−0⅜	+0⅜	10.14
Invst. in Inds. Int. 10 93 £	60	96½	97⅛	−0⅜	0	10.73
Leeds Bldg. Soc. 10½ 91 £	50	98⅛	98⅝	−0⅜	0	10.99
McDonalds 10⅞ 90 £	40	†103¼	103¾	−0½	+1	9.52
Nationwide BS 10⅛ 93 £	75	96¼	96¾	−0⅜	+0⅛	10.89
NSW Treasury 10⅝ 92 £	50	99¾	100¼	−0⅜	+0⅛	10.61
Royal Insce. 10¾ 92 £	60	101⅝	102⅛	−0⅜	+0⅜	10.26
J. Sainsbury 10⅞ 93 £	60	99¾	100⅜	−0⅜	0	10.86
Trusthouse Forte 11⅛ 90 £	50	†102⅛	102⅝	−0½	0	10.18
World Bank 11¼ 95 £	100	104⅛	104½	−0⅜	+0⅜	10.44
CoE 8⅞ 95 LFr	600	*†105¼	105¾	0	0	8.00
EIB 8⅝ 93 LFr	1000	*†104	104	0	0	7.76

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alberta 3 93	0.0312	99.39	99.48	11/06	6.34
Alliance & Leic. Bldg. 94 £	0.08	99.35	99.40	20/01	10.08
Barclays Bank Perp. 1	0¼§	96.67	96.94	2/01	7.06
Barclays Bank Perp. 2	0¼§	94.25	94.50	17/02	8¼
Belgium, Kingdom of 91	0	100.25	100.36	19/02	6.06
Britannia 5 93 £	0⅛	99.68	99.73	8/01	10.19
Chase Manhattan Corpn. 91	0⅛	99.40	99.50	20/02	6.12
Citicorp 98	0⅛	99.09	99.19	28/21	7.19
Credit Lyonnais 5 00	0⅛	100.39	100.49	12/01	6.81
EEC 3 92 DM	0	100.14	100.22	12/01	4.44
EEC 5¼ 93 Ecu	0.0312	100.00	100.10	30/01	7.66
Halifax Bldg. Soc. £ 94	0.1	99.53	99.58	6/02	10.54
Lloyds Bank Perp.	0¼	96.33	96.51	9/02	7½
Midland Bank 01 £	0.1	99.24	99.34	9/02	10.68
Milk Mrktg. Board 5 93 £	0⅛	99.92	100.00	29/12	10.68
NatWest Perp. A	0¼§	†96.05	96.30	9/01	6.94
NatWest Perp. B	0¼§	†96.00	96.25	10/02	8¼
New Zealand 5 97 £	0.07	99.76	99.86	14/08	10¼
New Zealand 5 01	0	99.93	100.03	4/02	8.23
Prudential Corpn. 4 95 £	0.1	99.34	99.44	5/12	9.85
Shearson Lehman Hldgs. 91	0⅛	99.44	00.00	0/00	00.00
United Kingdom 5 92	0	100.05	100.11	7/01	7.19
Woodside Financial 5¼ 97	0	99.67	99.77	28/01	6.81
Woolwich 5 95 £	0⅛	99.65	99.70	19/11	10½

Average price change on day −0.16 on week −0.25

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Asics 5 92 DM	12/83	472	†120	121	0	7.53
Minolta Camera 2¼ 94 DM	2/86	1105	†93	94	−0½	69.59
Ajinomoto 3 99	4/84	984	327	329	+20	4.46
Chiba Bank 2⅛ 02	1/87	830	154⅜	155⅞	−2⅜	−2.84
Fanuc 3¼ 98	1/84	4277	229½	231½	+0⅛	20.83
Fuji Bank 2¾ 00	10/85	1623	254⅛	256⅛	+0⅞	1.09
Fuji Heavy Industries 3 00	8/85	676	106¼	107½	−0⅛	0.08
Fujitsu 3 99	5/84	1109	128	129⅜	−1	−1.67
Mitsubishi Bank 2⅞ 00	8/85	1715	†239	241	+1	0.62
Mitsubishi Trust 2½ 01	5/86	1680	260	262	+3⅛	−8.84
Mitsui Bank 2⅝ 01	4/86	1019	190	192	+1⅛	−0.86
Mitsui Trust 2⅞ 01	10/86	1998	138¼	140¼	+0⅞	2.32
Murata 3½ 00	7/84	1998	182¾	184¼	+0¼	−0.01
Nippon Elec. 2⅞ 00	1/85	1295	254⅞	256⅞	−6¼	235.49
Nippon Oil Co. 3 00	5/85	923	215⅛	217⅞	+3⅛	−1.68
OKI Elec. Ind. 3½ 99	10/84	805	126¼	128	−0⅜	−1.86
Sanwa Bank 2¾ 00	10/85	1442	254¼	256¼	+1⅛	1.66
Sumitomo Bank 2¾ 00	8/85	2142	250⅝	252⅝	+6½	6.94
Toshiba Ceramics 3 00	4/85	1734	121¼	122¼	+0⅛	7.95
Nippon Oil Co. 2⅛ 92 SFr	3/84	1001	*†127	127	0	−3.43
Yokohama Bank of 2⅞ 01	10/86	1045	145⅛	146⅝	+2⅜	−0.79

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Canadian banks told to lift loan provisions

By Bernard Simon in Toronto

THE CANADIAN government has instructed banks to raise substantially their provisions on loans to 34 troubled debtor nations within the next three years.

The Inspector-General of Banks' office in Ottawa said yesterday that the banks have been asked to raise their reserves by October 1989 to 20 per cent of loans outstanding to these countries last October, or 18 per cent of the level in 1989, whichever is greater. The formula is intended to allow some growth in trade finance and other low-risk, short-term lending.

Canadian banks last year reached an earlier target of setting aside 10 per cent to 15 per cent of their exposure to 32 countries designated by the Inspector-General. Changes in the list include the addition of South Africa, Ivory Coast and Panama, and the removal of Turkey.

The new guidelines will require the big six Canadian banks to set aside about C$2bn (US$1.48bn) in extra loan loss provisions over the next three years. According to the Inspector-General's office, the new ceiling constitutes "a prudent approach to the debt problem to ensure the longer term stability of the banks."

The banks have a total exposure of just over C$25bn to the 34 troubled debtors. International loans made up a quarter of the banks' non-performing loans at the end of fiscal 1986, and 48 per cent of last year's actual loan losses.

Canadian exposure to the troubled borrowers is centred on Latin America and the Caribbean. Royal Bank of Canada, the biggest institution, has loans to the region of C$6.8bn, of which C$1.63bn is to Brazil and C$1.56bn to Mexico. RBC added C$265m to its general sovereign risk provisions last year, bringing the total to C$628m, or 11 per cent of total exposure to the 32 debtors.

The more rigorous provisions are not expected to have a severe impact on bank earnings, unless oil prices turn down again this year, causing large losses on western Canadian energy portfolios.

Bad debt provisions charged against income are calculated on a five-year moving average. An executive at Toronto-Dominion Bank said the bank expects that higher sovereign risk provisions required for 1987 will be offset by lower domestic loan losses.

Earnings at Salomon fall to $516m

By Our Financial Staff

SALOMON Incorporated, the New York-based investment banking group, yesterday reported a sharp drop in fourth-quarter 1986 earnings to $81m from $132m in the same quarter of 1985, and a decline in full-year net profits to $516m from $557m.

The figures were in line with those predicted by the company in an unusual forecast last month, in which it warned that earnings would be dented by the costs of expansion in London, Tokyo and New York.

Mr John Gutfreund, chairman, said yesterday that the fourth-quarter performance, of Salomon Brothers, the investment bank itself, also reflected "sluggish markets for equities and government securities in late December." Its pre-tax earnings dropped from $187m to $126m.

Salomon's expansion in London has seen it building a presence in the UK as well as in international markets, and moving into headquarters including a huge trading room above Victoria Station. It also plans a $300m capital infusion which it says will make it the fifth largest securities firm in Japan.

● Salomon also said yesterday that it had formed a link with an electronic system operated by Citibank and with the Luxembourg-based Cedel clearing system enabling it to market US commercial paper worldwide on a book-entry basis.

See Lex

Dip at Beijer as portfolio underperforms

By Sara Webb in Stockholm

INVESTMENT BEIJER, the Swedish investment company dominated by the financier Mr Anders Wall, has reported a 13 per cent fall in profits in its preliminary annual results.

Profits after financial items were SKr 468m ($72m), compared with SKr 08m a year ago. Group turnover increased by 38 per cent, totalling SKr 2.096bn, compared with SKr 1.52bn.

Beijer also announced yesterday that it is selling its holding in Stockholms Badhus, a property company, to the life insurance subsidiary of Skandia for SKr 830m, realising a profit of about SKr 440m. In addition, Beijer is offering SKr 140 in cash for outstanding B shares in Kebo, the laboratory products group, which it already controls.

Clare Pearson on an Australian brewer's $850m funding exercise

Elders converts the masses

MORE COMPANIES are issuing equity and equity-related debt in the inernational capital markets, but the $850m-equivalent in financing recently carried out by Elders IXL, the Australian brewery and farm services group, was in a different league from most offerings.

If the nine convertible bond issues, launched in the name of Elders (UK), are exchanged for equity in full, Elders will have managed to issue about 270m shares into five different markets in the space of four months.

Two events in 1986 provided the impetus for the company's ambitious foray into the international markets: the £1.4bn acquisition of Courage Breweries from Hanson Trust, and the company's 18.2 per cent stake in Broken Hill Proprietary (BHP). Totalling about A$5bn, these moves amounted to a trebling of Elders' assets from their level in June 1985.

Mr Bruno Blosfelds, Elders treasurer, explains that additional straight equity was ruled out as a means of financing them since it would have prompted worries about earnings dilution and could have been achieved only at a discount to the market proce of the shares.

On the other hand, straight debt would have boosted its gearing, which it wished to avoid, and would not have achieved the company's additional aim of broadening its shareholder base.

In October, immediately following the purchase of Courage, Elders therefore launched $455m equivalent of convertible bonds in four currencies simultaneously.

These issues went so well that in January the company chose to refinance sterling borrowings incurred in the Courage acquisition by another "jumbo" issue, taking in for the first time the Dutch guilder market.

The key attraction of the convertibles to the company was that they were subordinated to other debt. This means that banks view them virtually as equity. Meanwhile, investors demand little compensation for the feature since they purchase convertibles only if they are mainly interested in the equity anyway.

The drawback with a financing of this sort—designed to fund sterling assets but denominated in a variety of currencies—is the foreign exchange risk. Mr Blosfelds says, however, that he is not unduly concerned about this since he is confident the bonds will be converted, so that the exposure as far as the principal is concerned should be confined to the Australian dollar/sterling pany's overall matching of income and expenditure. In other cases, such as the guilder issue, the company is hedging the exchange rate.

This leaves the risk on the interest payments, which can never be properly hedged since the inner issuer cannot know when conversion will take place.

This is less onerous than it appears, says Mr Blosfeld. Where they are denominated in currencies from which Elders already derives income, they can be absorbed into the com- interest payments for about two years.

In order to tap markets with enough depth to absorb this amount of paper, Elders had to issue into the relatively high-coupon sterling and dollar markets, although the real cost savings are obtained from issuing in the lower-coupon currencies such as the D-Mark, Swiss franc and guilder.

By this means, it has achieved some impressive interest savings. For instance, with its last issue, it has refinanced sterling-based London interbank offered rate-based borrowings, at around 11 per cent, with a Swiss franc borrowing with a coupon as low as 2 per cent.

The conversion price on the first crop of bonds was pitched at a 20 per cent premium over the share price. This looked ambitious at the time, but it was outpaced by the appreciation in the share price, from around A$3.73 (adjusted for a bonus issue in November) to around A$5.02, in the four months between that and the second issue.

Nevertheless, the overhang in the market that the first crop created necessitated a slightly more modest pricing for the second. But even though the premiums had then fallen to between 7 per cent and 10 per cent, the company still managed to fix the conversion price at a 10 per cent premium.

The success of the issues does not seem to have been affected by concern among investors about the exchange rate risk on the Australian dollar shares, as euphoria about Elders' earnings prospects has been paramount.

But the inclusion of put options, a useful safety device for the investor if the share price does not perform, has also probably played its part. Though priced at premiums, these give the investor in the last resort the chance to receive a yield at least in line with that available on a straight bond.

All the issues were launched through one lead-manager: Credit Suisse First Boston and its European subsidiaries, and Credit Suisse in Switzerland.

In Mr Blosfelds' view, it could hardly have been done any other way, because of the complications connected with documentation, timing and pricing, and general confusion in the market place.

Overall, Elders strategy has paid off so far, although it is unlikely that any further tranches in the near future would meet such a strong response. Even in Switzerland, dealers are taking the view that there is really quite a lot of Elders paper around now, and the nine issues taken together represent a dilution of existing share capital (taking in shares under option) of about a third.

ELDERS (UK)—CONVERTIBLE BOND ISSUES

Amount	Maturity	Coupon %	Issue price
October 1986			
$175m	1998	5.25	100
£40m	1988	8	100
DM 200m	1998	3	100
SFr 200m	1998	2.5	100
January 1987			
$75m	1997	5	100
£85m	1997	7	100
SFr 125m	1997	2	100
Fl 100m	1997	2.75	100
DM 150m	1997	2.5	100

Stanbic ahead despite stagnant demand

BY JIM JONES IN JOHANNESBURG

STANDARD BANK Investment Corporation (Stanbic), South Africa's second largest banking group, suffered from stagnant demand for credit and narrower banking margins last year, but the consolidation of new non-banking investments lifted pre-tax profits to R267.3m ($127.6m) from R250m.

Stanbic is 39 per cent owned by Standard Chartered of the UK and Dr Conrad Strauss, the local group's managing director, said in Johannesburg yesterday that he does not believe the prevailing view of the British parent's board is towards selling the South African interest. Nonetheless, he pointed out yesterday that Mr Michael McWilliam, Standard Chartered chief executive, recently said that a 25 per cent interest was perhaps more appropriate.

Operating profits at Stanbic dropped to R1.91bn from R2.25bn as lending rates declined steadily throughout the year. This was matched, however, by a decline in interest payments to R1.65bn from R2bn.

Total advances rose by only 6.2 per cent to R17.01bn from R16.02bn and Dr Strauss does not expect a strong increase in demand for credit this year.

Stanbic acquired the outstanding share capitals of Unisec and Hesperus, two investment companies, at the start of 1986 in exchange for additional shares in itself. As a result, earnings per share slipped to 215 cents from 227 cents even though profits attributable to shareholders rose to R209m from R183.6m. The year's dividend was lifted to 78 cents from 71 cents.

INTL. COMPANIES AND FINANCE

Bid for BankAmerica dropped

BY WILLIAM HALL IN NEW YORK

FIRST INTERSTATE BANCORP, the Los Angeles-based banking group, has dropped its $3.2bn bid for BankAmerica, the troubled West Coast banking group, ending a four-month-old battle for one of the most famous banks in the world.

Mr J. J. Pinola, First Interstate's chief executive and a former BankAmerica executive, indicated that his decision to drop the bid reflected "BankAmerica's weakened asset mix and reduced warnings power" and had nothing to do with First Interstate's abilities to win the necessary regulatory approvals and raise the financing.

He said: "The continuing dismemberment of this institution no longer justifies our current offered price. As profitable and strategic BankAmerica assets are sold, the remaining Latin American debt and other less developed country debt, together with other non-substantial assets, become an increasingly larger part of the smaller banking company."

Mr Pinola added that capital raised through sale of assets was needed to support the balance sheet "and thus is not available for asset growth."

First Interstate's decision to drop its offer, which it valued at $21 a share, will be seen as a victory for Mr A.W.Clausen, the architect of BankAmerica's rapid growth during the 1960s and 1970s. He was brought out of retirement to head the loss-making group after Mr Sam Armacost, the group's chief executive was ousted in October 1986.

Mr Clausen, a former boss of Mr Pinola, has been critical of First Interstate's bid and has fought hard to retain the group's independence. Since he took over BankAmerica has accelerated its asset sales and is taking steps to raise $1bn of new capital to bolster capital ratios. These have been weakened by heavy loan losses and an unacceptably high level of non-performing loans.

While the decision will be seen as a victory for BankAmerica's embattled management, it is unlikely to be well received on Wall Street, which has grown increasingly disenchanted with the group's ability to put its house in order.

Many big institutional investors supported First Interstate's bid for BankAmerica. The bid was unusual not only for its size but also because it marked the first major hostile takeover bid in US banking.

First Interstate said it was unfortunate that BankAmerica shareholders had not only been denied the right to receive a premium for their stock but had also faced probable dilution resulting from the recently announced $1bn financing package.

Boone Pickens abandons Shamrock offer

BY OUR NEW YORK STAFF

MR T. BOONE Pickens, the Texas oilman, has dropped his cash tender offer for Diamond Shamrock and bitterly attacked the board of directors of the financially troubled energy group and its newest shareholder, the Prudential Insurance Company of America.

Mr Pickens said his Mesa investor group had made three offers for Diamond Shamrock at premiums to the current Diamond share price.

But the company had refused to allow shareholders to vote on the offers, including the company's own controversial restructuring plan, and had instead issued a tranche of "super-dividend and super-voting preferred stock" to Prudential which made it highly difficult to take over the company.

Mr Pickens, who serves as Mesa's general partner, said that Diamond Shamrock's actions were "a clear example of how far an entrenched board and management would go to prevent shareholders from excercising their rights of ownership.

"The value of Diamond Shamrock common shares has declined over 50 per cent in the last 10 years, during the greatest bull market in history."

"In the last two years, the dividend has been reduced from $2 to 10 cents, and shareholders equity has fallen by $1.3bn. During this time, the board has barricaded itself within a fortress of anti-takeover defences, including a posion pill plan," said Mr Pickens, who has been campaining for the rights of small shareholders in his capacity as chairman of the United Shareholders' Association.

"It is surprising and disturbing that an institution like Prudential would conspire with management to design a look-out, super-dividend and super-voting preferred stock."

To make matters worse, the $29m annual Prudential dividend will be funded by a $33m cut in the annual common stock dividend. With Prudential's connivance, Diamond Shamrock shareholders are being disenfranchised by the very people they had elected to protect their interests", said Mr Pickens.

Mr Pickens' Mesa Limited Partnership, which offered to buy Diamond Shamrock with the help of the privately-owned Harbert Corporation, yesterday terminated its cash tender offer for 20m Diamond shares at $15 per share.

The decision to terminate the offer came shortly after Diamond Shamrock had rebuffed Mesa's latest $2bn offer to acquire the group in a cash merger at $15 a share

Improvement at Kersaf

BY JIM JONES IN JOHANNESBURG

KERSAF INVESTMENTS, the South African leisure and entertainment holding company, increased turnover at a rate somewhat lower than inflation but nevertheless improved trading margins in the half-year to December.

Trading revenue increased to R303m ($144.6m) from R270m and pre-tax profits were R64.7m against R50.2m.

First-half earnings per share increased to 37.3 cents from 30 cents and the interim dividend has been raised to 22 cents from 18 cents.

● Casino gambling in South Africa's black "homelands" helped Sun International Bophuthatswana (Bopsun), the resort operator, to defy the country wide trend of stagnant or lower hotel profits in the six months to December.

Turnover at Bopsun rose 23 per cent to R101.5m ($48.5m) from R82.6m and the interim pre-tax profit was R20.4m against R14.9m.

Palmco falls into the red

By Wong Sulong in Kuala Lumpur

PALMCO HOLDINGS, Malaysia's biggest palm oil refiner, has reported an aftertax loss of 3.9m ringgit (US$1.56m) for the year to last June, compared with a previous net profit of 8.3m ringgit.

The group attributed the loss to the "steep drop of palm oil export prices," as well as the poor performance of property and hotel operations. Turnover fell by nearly 40 per cent to 457m ringgit.

Chemserve lifts sales by third

By Our Johannesburg Correspondent

CHEMSERVE, the South African specialty chemicals maker, increased sales by almost one-third in 1986 and expects a further large increase this year.

Turnover rose to R159m ($75.9m) from R121m and pre-tax profits were R15.4m against R11.2m.

Earnings per share increased to 168.2 cents from 115.2 cents.

BONDS WITH WARRANTS • EQUITY WARRANTS • DEBT WARRANTS • FALCONS • INTRODUCTION TO

DUTCH STOCK EXCHANGE OF DUTCH AND FOREIGN COMPANIES • FINANCIAL ADVISERS IN JOINT VENTURES • FINANCIAL ADVISERS IN BID SITUATIONS

You don't have to look far for evidence of Amro's flair and versatility in the Guilder Market.

Whatever your international financial need, AMRO can handle it. With reliability and a high degree of flair and imagination. As you can see from the examples of our 1986 deals opposite.

AMRO lead managed the first Guilder denominated Floating Rate Note for Security Pacific; arranged the biggest facility in Commercial Paper for General Electric Plastics, and, for Westland/Utrecht Hypotheekbank, brought the first "bull and bear" issue to the Guilder Market.

De-regulation has given us new found freedom. To compete effectively with the best in the world. And to take advantage of every opportunity for the benefit of our clients. As the evidence clearly proves.

Amsterdam-Rotterdam Bank N.V.

Herengracht 595, Amsterdam, The Netherlands

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This announcement appears as a matter of record only.

AEGON

AEGON N.V.

Dfls 200,000,000

6½% Series A Bonds 1986 due 1993
with 200,000 Warrants to acquire
by surrender of A Bonds or by purchase
6½% Series B Bonds 1986 due 1993

Amsterdam-Rotterdam Bank N.V.
Algemene Bank Nederland N.V.
Morgan Bank Nederland N.V.

Nederlandsche Middenstandsbank nv
Rabobank Nederland
Pierson, Heldring & Pierson N.V.
Bank Mees & Hope NV
Van Haften & Co. N.V.

Citicorp Investment Bank Limited
Commerzbank Aktiengesellschaft
Kredietbank International Group
J. Henry Schroder Wagg & Co. Limited
Swiss Bank Corporation International Limited

NATIONALE–NEDERLANDEN N.V.
(Delft, The Netherlands)

350,000 falcons to bearer on exchangeable depositary receipts of 10% participating cumulative preference shares
in
N.V. KONINKLIJKE BIJENKORF BEHEER KBB
issued by
B.V. BELEGGINGSMAATSCHAPPIJ BERENDAAL

Amsterdam-Rotterdam Bank N.V.
Morgan Stanley International
Amstgeld N.V.

This announcement appears as a matter of record only.

nv Verenigd Bezit VNU
(established at Haarlem, The Netherlands)

Dfls 75,000,000

6½% Bearer Bonds 1986 due 1994/1998

Amsterdam-Rotterdam Bank N.V.
Bank Mees & Hope NV
Algemene Bank Nederland N.V.
Pierson, Heldring & Pierson N.V.

Banque Paribas Belgique S.A.
Morgan Grenfell & Co. Limited
Morgan Guaranty Ltd
The Nikko Securities Co., (Europe) Ltd
Swiss Bank Corporation International Limited

This announcement appears as a matter of record only.

SPORTHUIS CENTRUM RECREATIE N.V.
(Rotterdam, The Netherlands)

Dfls 150,000,000

3¾% Convertible Subordinated Bonds 1986 due 1992/2001

Amsterdam-Rotterdam Bank N.V.
Rabobank Nederland

Bank Mees & Hope NV
Nederlandsche Middenstandsbank nv
Nederlandse Credietbank nv
F. van Lanschot Bankiers N.V.

Morgan Grenfell & Co. Limited
Chase Manhattan Limited

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SUZUKI MOTOR CO., LTD.
(Suzuki Jidosha Kogyo Kabushiki Kaisha)
(Incorporated with limited liability under the Commercial Code of Japan)

Dfls 100,000,000
1⅞ per cent. Guaranteed Notes due 1991
unconditionally and irrevocably guaranteed by
The Tokai Bank, Limited
with
Warrants
to subscribe for shares of common stock of Suzuki Motor Co., Ltd

Amsterdam-Rotterdam Bank NV
Daiwa Europe NV
Tokai Bank Nederland N.V.

Algemene Bank Nederland NV
Bank Mees & Hope NV
Pierson, Heldring & Pierson NV
Rabobank Nederland
Nederlandsche Middenstandsbank nv

The Bank of Tokyo (Holland) NV
Chuo Trust Asia Limited
Generale Bank
Industriebank von Japan (Deutschland) Aktiengesellschaft
Kyowa Bank Nederland NV
Maruman Securities Co., Ltd.
New Japan Securities Europe Limited
The Nikko Securities Co., (Europe) Ltd.
Swiss Volksbank
Wako International (Europe) Limited

This announcement appears as a matter of record only.

simac techniek

SIMAC TECHNIEK n.v.
(Veldhoven, The Netherlands)

The introduction to the Amsterdam Parallel market
of
750,000 ordinary bearer shares

Amsterdam-Rotterdam Bank N.V.
F. van Lanschot Bankiers N.V.

This announcement appears as a matter of record only.

REPUBLIC OF AUSTRIA

Dfls 200,000,000

6½% Bearer Bonds 1986 due 1997/2001

Amsterdam-Rotterdam Bank N.V.
Algemene Bank Nederland N.V.
Bank Mees & Hope NV
Rabobank Nederland
Nederlandsche Middenstandsbank nv
Pierson, Heldring & Pierson N.V.

Creditanstalt-Bankverein
Deutsche Bank Capital Markets Limited
Generale Bank
Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft
Morgan Guaranty Ltd
Österreichische Länderbank Aktiengesellschaft
Union Bank of Switzerland (Securities) Limited
S.G. Warburg Securities

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GENERAL ELECTRIC

General Electric Plastics B.V.

Dfls 200,000,000

Commercial Paper Programme

Arranger and Primary Dealer
Amsterdam-Rotterdam Bank N.V.

International Selling Agent
EBC Amro Bank Limited

Issuing and Paying Agent
Amsterdam-Rotterdam Bank N.V.

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WESTLAND/UTRECHT HYPOTHEEKBANK N.V.
(Amsterdam, The Netherlands)

Dfls 200,000,000

6¼% Bonds 1986 due 1991
with 200,000 bull stock market index contracts
and 200,000 bear stock market index contracts

unconditionally guaranteed by

NATIONALE–NEDERLANDEN N.V.
(Delft, The Netherlands)

Amsterdam-Rotterdam Bank N.V.
Algemene Bank Nederland N.V.
Bank Mees & Hope NV
Pierson, Heldring & Pierson N.V.

Hollandsche Bank-Unie N.V.
Morgan Bank Nederland N.V.
Nederlandse Credietbank N.V.
Nederlandsche Middenstandsbank nv
CLN Oyens & Van Eeghen N.V.
Bank Van der Hoop Offers N.V.
Rabobank Nederland
F. van Lanschot Bankiers N.V.
Amstgeld N.V.

This announcement appears as a matter of record only.

BELL RESOURCES LTD.
(Perth, Western Australia)

The introduction to the Amsterdam Stock Exchange of the fully paid
ordinary shares of Bell Resources Ltd.,
has been arranged by

Amsterdam-Rotterdam Bank N.V.

Akzo

Akzo N.V.
(Arnhem, The Netherlands)

2,001,513 warrants to bearer
at the price of Dfls 48 per warrant

From May 1, 1988 through September 30, 1991 each warrant entitles the holder thereof to obtain, at the price of Dfls 120, one common bearer share/common registered share of Dfls 20 in the capital of Akzo N.V. per warrant exercised.

Amsterdam-Rotterdam Bank N.V.
Algemene Bank Nederland N.V.
Pierson, Heldring & Pierson N.V.

Bank Mees & Hope NV
Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.
Nederlandsche Middenstandsbank nv
F. van Lanschot Bankiers N.V.

This announcement appears as a matter of record only.

REPUBLIC OF FINLAND

Dfls 100,000,000

6% Bearer Notes 1986 due December 1, 1991

Amsterdam-Rotterdam Bank N.V.

Algemene Bank Nederland N.V.
Bank Mees & Hope NV
Pierson, Heldring & Pierson N.V.
Rabobank Nederland
Morgan Bank Nederland N.V.
Nederlandsche Middenstandsbank nv

Dresdner Bank Aktiengesellschaft
Kansallis Banking Group
Kredietbank International Group
Morgan Stanley International
Orion Royal Bank Limited
Postipankki
Union Bank of Finland Ltd.
Union Bank of Switzerland (Securities) Limited

This announcement appears as a matter of record only

Bührmann-Tetterode nv
(Amsterdam, the Netherlands)

Rights issue of 980,658 ordinary registered shares/
bearer depositary receipts of ordinary shares.

Amsterdam-Rotterdam Bank N.V.

Algemene Bank Nederland N.V.
Bank Mees & Hope NV
Bank Gutzwiller, Kurz, Bungener (Overseas) Limited
Baring Brothers & Co., Limited
Commerzbank Aktiengesellschaft
Nederlandsche Middenstandsbank nv
Pierson, Heldring & Pierson N.V.
Swiss Bank Corporation International Limited

This announcement appears as a matter of record only.

SECURITY PACIFIC CORPORATION
(Los Angeles, California, U.S.A.)

Dfls 250,000,000

Floating Rate Notes due 1996

Amsterdam-Rotterdam Bank N.V.
EBC Amro Bank Limited
Salomon Brothers International Limited
Security Pacific Limited

Bank of Tokyo International Limited
Banque Paribas Capital Markets Limited
Nederlandsche Middenstandsbank nv
Nomura International Limited
Orion Royal Bank Limited
Pierson, Heldring & Pierson N.V.
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UK COMPANY NEWS

BOC advances 30% to £59m in first quarter

BOC Group, the industrial gases and health care company, yesterday reported pre-tax profits of £59.1m in the first quarter of its financial year—up 30 per cent on the £45.6m produced in the same period of last year.

The figures were at the top end of market expectations, but BOC's shares ended the day down 13p at 446p.

Mr Richard Giordano, the chairman, said: "We have made a strong start to the year, in line with my forecast in last year's annual report. The improvement in profits has been helped by the turn-around in our carbon business; and all of our other businesses performed well."

Earnings per share in the three months to December 31 were 7.95p, up 31 per cent on the previous year's 6.07p.

The first quarter figures are ahead of the 20 per cent increase in pre-tax profits and earnings which Mr Giordano said in early December he was expecting for 1987 as a whole.

The company does not break down its first quarter figures by division, but the strongest growth in profits came in the

Mr Richard Giordano, chairman and chief executive of BOC Group

Americas, which includes BOC's carbons and health care operations.

BOC took an exceptional £128m write down of assets last year on the carbon business, but this is now making profits.

Operating profits in the Americas jumped from £21.5m in the first quarter of last year to £32m. Profits rose in all the group's other geographical regions, though not by as much. In Europe they went up from £18.5m to £16.9m, in Africa from £4.7m to £7.9m and in Asia/Pacific from £13.1m to £14.3m.

The effect of currency translation during the quarter was broadly neutral with an unfavourable movement in the US dollar being offset by favourable movements in the Australian dollar and the South African Rand.

However, BOC's comparative figures in the first quarter of last year were helped by a £3.4m profit on forward sales of dollars which have not been repeated this time.

Turnover in the quarter, including related companies, totalled £593.3m (£552.6m).

Related companies had a turnover of £97.3m (£94.5m) and the share of profits was £4.4m (£4.1m).

Operating costs for the period rose from £400.4m to £427.8m, and the pre-tax result was after lower interest charges of £13.5m (£16.2m). Tax totalled £19.1m (£14.8m) and minorities were £3.6m (£3.7m).

See Lex

Throgmorton USM starts well

BY RICHARD TOMKINS

Throgmorton USM Trust, investment trust which specialises in companies quoted on the Unlisted Securities Market, outperformed all the main stock market indices during its first full period.

Net asset value per share was 119.9p at December 31 and rose sharply to 132.5p at the end of January. The trust was floated on the main market in February last year at 100p a share.

Its figures cover the 66 weeks since its incorporation in September 1985, but trading only began on February 3 last year. Taking prior charges at par, after deduction of flotation expenses, the nav was 94.5p at inception, giving an increase in nav to the end of January 1987 of more than 40 per cent.

Throgmorton says that on this basis, the trust significantly outperformed both the Datastream USM Leaders index and the FTA Actuaries All-Share index.

The trust's share price made a poor start in February after its flotation was badly undersubscribed. It then had to contend with fears that the USM would suffer from the effects of Big Bang as market-makers concentrated on alpha stocks at the expense of smaller companies.

The fears have, so far, proved to be exaggerated, and the trust's share price recovered from a low of 74p last autumn to 104p yesterday, representing a discount of 27.4 per cent to its last stated nav.

The final dividend is 1.6p (no interim).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
General Funds Inv	1.65	Apr 16	1.45	2.2	2
Manchester Ship Canal	15	Apr 6	11¶	—	11
Press Tools ....int	1	Apr 7	0.83*	—	2.5*
Securicor Group	0.74	Apr 3	0.67	1.07	0.97*
Security Services	1.37	Apr 3	1.25	2.06	1.87*
Throgmorton USM ...	1.6	Mar 27	—	1.6	—
Trent Holdings ......int	0.46	Mar 27	0.46	—	1.15

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Includes special centenary payment of 5p.

Manchester Canal at record £4.3m

By Ian Hamilton Fazey, Northern Correspondent

THE Manchester Ship Canal Company, which is locked in a bitter takeover battle with Highams for control of the company, yesterday announced record pre-tax profits of £4.3m for 1986 compared with £2.2m.

Turnover was up 9 per cent at £23.3m (£21.2m) due to more ships using the profitable lower reaches of the canal and continued growth in property income, now running at 8.5 per cent compound per year.

The company also reported better cost-control in the loss-making upper reaches of the canal, which are no longer navigable to cargo ships.

The proposed dividend per ordinary share is raised from 11p to 15p.

The company says that the net asset value per ordinary share is now £9 and that planning permission for a proposed retail development would double this.

Highams' bid was £6.25 per ordinary share and £3.005p per preference share. MSCC will release on Friday its chairman's statement which will say that legal loopholes would be used to resist Highams' attempts to take control at the AGM on February 27.

US expansion for Pentland Industries

By Terry Povey

Pentand Industries, the industrial holding company, has agreed to acquire a 51 per cent interest in Tilepak America for $750,000. Tilepak, run by Mr Mervyn Fogel, a former Texas Homecare executive, imports and distributes ceramic tiles to the US. In 1986, Pentland had the second fastest growth in its market worth among all companies with a capitalisation in excess of £100m. It has a lucrative 37 per cent stake in Reebok International, the US footware company.

Geest/KIO

The Kuwait Investment Office yesterday reported that it had increased its stake in Geest, recently-floated fruit and vegetable supplier, to 8.76m shares, nearly 13.4 per cent up from 8.5 per cent last week.

Geest regards the stake as an investment and is said to be unperturbed by the size. Its shares closed unchanged at 219p.

WHITE KNIGHT APPROACH TOPS YULE CATTO'S FINAL OFFER

BTP offers £29m for Barrow

BY DAVID THOMAS

BTP, chemical manufacturing and bulk storage group, emerged yesterday as a white knight in the bitter takeover battle between Yule Catto and Barrow Hepburn, when it unveiled a recommended offer worth £29.3m for Barrow, the engineering and chemicals group.

Barrow last week rejected Yule Catto's latest offer which it described as final and which valued Barrow at £27.2m. The chemicals, building products and plantations group launched its contested bid for Barrow in December. Yule Catto said it would wait to see how things developed before deciding what to do next.

BTP is offering 23 new ordinary shares for every 50 Barrow ordinary. With BTP closing down 6p, at 161p, this values the bid at 74p per share. Barrow closed unchanged at 72p and Yule Catto closed down 3p at 315p.

BTP is offering a cash alternative of 70.38p for each Barrow ordinary.

Full acceptance of the offer would involve the issue of 17.54m new BTP ordinary, representing 30.6 per cent of BTP's enlarged share capital. The new BTP ordinary would receive the final dividend for the year ending March 31, which is forecast to be 3.5p net.

BTP reported pre-tax profits up 43 per cent to £2.74m on sales up 52 per cent to £29.74m in the six months to September 30 1986. The company said at the time that the improvement resulted from both the impact of recent acquisitions and the strong performance of its chemicals companies.

Barrow's director's, together with the former principal shareholders of Tor Coatings, acquired by Barrow last month, have accepted the offer on behalf of 4.4m Barrow shares (11.6 per cent).

BTP said Barrow's chemicals businesses fitted well with its own. It added that Barrow's engineering and consumer products operations were mainly in the leather industry, with which BTP was also closely associated.

Mr Ray Way, Barrow chief executive, said Barrow had been trying to remain independent, but the market feedback suggested this would not be possible. Barrow's activities fitted more closely with BTP's than with Yule Catto's, Mr Way argued.

He said BTP had given no assurances that it would retain all of Barrow's activities, but added: "I'm satisfied that the vast majority will be retained."

● The Takeover Panel said yesterday that its investigation of the increase in the price of Yule Catto shares before the announcement of its increased offer for Barrow last week had produced no evidence of any breach of its code.

See Lex

WCRS in overseas expansion

BY NIKKI TAIT

The WCRS Group—Britain's second largest advertising agency, formerly known as Wight Collins Rutherford and Scott—is moving into the Far East and Australasia via a $11m (£7.2m) cash deal for The Ball Partnership, a network of agencies in the area.

Agreement in principle for the deal was announced yesterday and it will probably be completed in early May. WCRS has been expanding rapidly in the States recently, but this is its first acquisition in the Asia/Australasia region.

The Ball Partnership has its origins in Meridian, one of two networks owned by US group Ogilvy & Mather in the Pacific area. In 1986 Mr Michael Ball, who established Meridian in 1979 and was vice-chairman of Ogilvy & Mather, bought out 60 per cent of the parent company's holding in the network, changing its name to the Ball Partnership.

During 1986, the company incurred a pre-tax loss of $350,000, although the deficit is blamed largely on a major rationalisation carried out by Mr Ball. Profit targets of $3m pre-tax in the three years to end-April 1990 and a further $5m in the two years to end-April 1992, have been set. Net assets at completion will be minimal.

Mr Ball will use $1m from his proceeds to subscribe for $2.45m nominal of convertible stock in WRCS, which will then be converted into ordinary shares at the ruling market price when contracts are exchanged if those profit targets are met, or redeemed at par. Mr Ball will also join the WCRS board and enter a five-year service agreement.

The Ball Partnership's larger clients include BHP, Dow, Bristol Myers, Reckitt & Colman and Seagram, and its capitalised billings are around $40m.

In addition to the cash price, WCRS is offering to make $1.2m worth of its own shares available to senior employees of the Ball Partnership if they remain with the group for at least two to three years.

Shares in WCRS dropped 20p to 625p on the news.

BA likely to start at 50% premium

By Richard Tomkins

Shares in British Airways seem increasingly likely to open at a premium of 50 per cent or more to their partly-paid price when dealings begin at 2.30 pm today.

Stockbrokers' analysts were confidently forecasting an opening price of about 100p for the 65p partly-paid stock yesterday, and the grey unofficial price being made in advance of official dealings closed at 100p/105p.

The price is expected to be buoyed by strong buying interest from the US and Japan, and some analysts expect it to go above 110p by the close.

Bremner probe

The inspectors appointed to investigate the membership of Bremner, the controversial property group, have been named.

They are Mr Malcolm McIver, solicitor of Bird Semple & Crawford Herron, and Mr Duncan James MacLeod, chartered accountant of Ernst & Whinney. Both practice in Scotland.

Mr James Rowland-Jones, chairman of Bremner, asked for the investigation because he was concerned with the movement of large blocks of shares.

Bremner is having a bitter row with City and Westminster Financial, a corporate finance house with which it once planned to merge. City and Westminster have welcomed the investigation.

BATS in Brazil

Net profits at Souza Cruz, 75 per cent-owned Brazilian subsidiary of B.A.T. Industries, came out at Cz1.1bn for the period covering the 10 months to end-December 1986.

Brazilian cigarette volume expanded by 18.5 per cent to 140.1bn, but profit margins came under severe pressure as a result of the price freeze which was imposed on February 28.

Chamberlain shares fall as Wardle rethinks

By Nikki Tait

SHARES IN Chamberlain Phipps, a footwear components, adhesives, insulation and cladding company, shed 8p to 128p yesterday after Wardle Storeys, a plastic sheet maker, announced that it was reviewing its position over a prospective approach to Chamberlain.

At the end of January, Wardle contacted Chamberlain, proposing discussion of a possible merger of the two companies. However, the approach was firmly rebuffed by Chamberlain, which said it could see no commercial overlap between the two businesses.

Mr Brian Taylor, Wardle's managing director, said Chamberlain had refused to entertain any talks since then.

"In view of the substantial rise in the company's share price both preceding and following the announcement, which has resulted in the shares standing on an artificially high PE ratio, Wardle Storeys is reviewing its position," yesterday's statement said. It added that a further announcement would be made in due course.

Mr Taylor refused to comment on the possibility of a hostile bid.

Windsor Securities to buy Needler Heath

BY NICK BUNKER

Windsor Securities (Holdings), the fast-growing insurance broking group, has signed conditional heads of agreement to buy its fifth Lloyd's broker, Needler Heath Group.

The deal values Needler Heath at "something in excess of £1m," said Mr John Carr, Windsor Securities' chairman. But the exact purchase price would be determined by Needler Heath's performance. Needler is expected to show net retained brokerage income of more than £1.3m for the year ending March 31.

Needler handles UK non-marine, marine, aviation and North American business, paralleling Windsor's existing activities.

The shares will be purchased from Needler's chairman, Mr Christopher Needler.

The consideration will be calculated on a formula related to a multiple of 1.1 of net retained brokerage, with 90 per cent to be satisfied by an issue of Windsor shares at 50p each. There will be a cash payment of up to £150,000 on completion.

Mr Carr has said he aims to build up Windsor Securities' annual brokerage to £5m as soon as possible.

IIS recommends Panfida offer

THE BOARD of "Investing in Success" Equities yesterday announced that it had "reluctantly" decided to recommend that shareholders accept the 970p a share bid from Panfida, a Sydney-based investment company.

The Australian company, which along with its supporters now owns 34.9 per cent of IIS, is also offering a loan note alternative. Panfida initially offered the higher of 850p or 94 per cent of formula asset value for each IIS share.

Mr R. Vickers, IIS's chairman, said that the board had decided to recommend acceptance to avoid the "danger that shareholders may be locked into IIS under the control of Panfida with its expressed policy of following the latest fads in investment."

Panfida last night expressed the hope that many IIS shareholders would stay

Talbex reorganises following fall into red

BY NIGEL CLARK

Talbex Group, industrial holding company, is making a £1.51m cash call and acquiring a private mining company for a maximum £1.1m. The moves were announced at the same time as reporting a £916,000 downturn into losses for the year to the end of July 1986.

In addition the company is proposing to give three directors share options which will be exercisable in full on the basis of earnings-related criteria.

The group's stockbrokers, Robert Wigram, is arranging the placing of 28.94m new 5p shares at par. Of these 14.47m are being offered to shareholders at 5.025p, on the basis of one-for-three.

Mr Geoffrey Hawkins of Robert Wigram said the money would be used to reduce borrowings, which at £4.5m represented a gearing of 100 per cent, and to fund expansion, mainly at the group's major offshoot Osmond Aerosols.

United Mining is being bought for an initial £740,000, to be satisfied by the issue of 14.8m shares with a further profit-related payment up to a maximum of £360,000, again satisfied by shares.

The company is owned by Sleipner (UK) and its management, which includes two of Talbex's directors, Mr Terry Langan and Mr Neill Simpson. Sleipner is a financial services subsidiary of the Scandinavian based A. S. Nevi, and is also taking up 5m of the placing and is subscribing to a further 5m.

United has, or has contracted to acquire, rights to mine an estimated 418,900 tonnes of coal.

Mr Langan, Mr Simpson and Mr Beverley Ditcham, chairman, have been offered options at ½p to acquire up to 5m shares at par. The shares closed unchanged at 9½p.

The Takeover Panel has ruled that Nevi is acting in concert with the minority holders of United Mining. If all the changes are agreed and acted upon the party would hold more than 40 per cent of Talbex shares but the Panel has given dispensation from making an offer to all shareholders.

On turnover slightly higher at £13.47m (£12.98m) there were pre-tax losses of £733,000 against profits last time of £183,000. The loss per 5p share came out at 1.34p (0.77p earnings).

UK COMPANY NEWS

THE £12M GILTRAP BID FOR FRANK GATES

Family loyalty holds key

SOAP OPERA writers should pay a trip to Woodford. Up in the Essex borders, a 15-strong, indigenous family clan—by the name of Gates—is rallying forces against an unwanted Antipodean predator.

Mr Colin Giltrap's £12m bid for the 80-year-old motor business closes tomorrow—subject to a possible five day extension. And unless last-ditch financial considerations woo over a few uncles or aunts, the 60 per cent family holdings look set to triumph.

A few miles west, certain City institutions are less amused. They are fast losing patience with the Gates board's refusal to recommend the Giltrap offer. "If the Gates family wants it to be a private company, it should make an offer for the minority at a better price," says one fund manager.

"Gates has not used the fact that it has a public quote to any great extent," comments another. "It has never had a rights issue, for example. The original reasons for going public have been lost in the mists of time."

Those mists actually stretch back to 1959, although it was 1981 when the demobbed Frank Gates—helped by his father's money—set up the original motor business. Five years later he was joined by his brother, and today their two sons, Edward and Brian, are chiarman and joint managing continues—Edward's son has director respectively. The clan just joined the board and Brian's runs the Epping outlet.

In recent years, their investment has been less than exciting; pre-tax profits reached £1.3m in 1981 and in the subsequent four years hovered at £1m-£1.2m.

The bid, inevitably, has unlocked all sorts of goodies; the board has predicted pre-tax profits of £1.4m in 1986, a 33 per cent dividend increase, and has unearthed a £5m surplus over the last book value for assets, putting net asset backing at 167p a share. This is, according to Brian Gates, the product

> 'The orginal reasons for Gates going public have been lost in the mists of time'
> —Fund manager

of the company's switch in emphasis from declining commercial business and into the development of new avenues like car and contract hire. "You can't turn a ship round overnight," he points out.

Giltrap argues that there is still more potential in the group. Giltrap himself is a 46-year-old New Zealand businessman, whose privately-owned Giltrap group is the largest vehicle importer, dealer and distributor there and ranks number three in Australia. Annual sales are around £145m and Giltrap claims to be looking for a UK expansion route. At 140p a share cash, his revised offer puts the Gates group on an exit PE of over 13 (on the 1986 forecast earnings).

The weak point of Giltrap's case is that, even if successful he would have to dispose of two of Gates' four Ford dealerships—Ford would use the change in ownership to tidy up according to its "dealer area of responsibility" rules which aim to prevent concentration of franchises in too few hands in one area.

Gates, however, has an equally prominent achilles heel. Two years ago, the same family holdings, now rejecting 140p, agreed to a 90p a share offer from property developer, Mr Gerald Carroll. The offer foundered when "it proved impossible to obtain the approval of Ford for continuation of Gates' franchise agreements on satisfactory terms."

Brian Gates will say only that, "Things were totally different then. We say, as directors, that this bid is not high enough. Anyone can look backwards — why not look forward?"

Some institutions appear to be doing just that. Yesterday, with Gates standing at around 126p, Giltrap picked up a further 2.2 per cent, taking its holding to 16.1 per cent. Additional acceptances previously stood at around 6.6 per cent, though some of those may have now sold.

At the back of a few minds is certainly the fairly rapid fall in the Gates price—from over 90p to under 70p—when the Carroll offer was withdrawn. Family loyalty may triumph in the next few days but, for outsiders, wisdom could dictate the marketplace.

Parcels side pushes Securicor over £16m

SOUND PROGRESS was achieved at home and overseas in the year ended September 30, 1986 at Securicor Group and its 50.77 per cent owned quoted subsidiary Security Services.

Securicor pushed up its pre-tax profit by 15 per cent, from £14.29m to £16.44m, while Security lifted its by 18 per cent, from £10.79m to £12.75m.

And for the opening months of the current year trading results indicated that overall progress was being well maintained.

The cellular radio network, Cellnet project, conducted in partnership with British Telecom, was developing faster than originally expected. However, the companies' investment in it had been contained within the £7.5m forecast made in 1984.

After tax £5.8m (£6.27m) and minorities £3.88m (£2.9m), Securicor's attributable profit came to £6.76m (£5.12m) for earnings of 7.8p (5.9p). Its dividend is lifted from 0.97p to 1.07p net with a final of 0.74p.

Security turned in a net profit of £7.89m (£5.9m) for earnings of 8p (6p). The final dividend is 1.37p for a net total of 2.06p (1.874p).

The directors stated that the express parcels delivery service continued to prosper and passed the milestone of transporting 1m consignments weekly. It is now the major profit earner.

Cash carrying and the newer cash processing services made significant progress.

Record orders for alarms and surveillance equipment were achieved by Securicor Granley.

A strong performance by the overseas operations, particularly in Europe, resulted in a 25 per cent increase in profits despite the adverse effect of exchange fluctuations.

Having regard to the encouraging prospects for parcels, the newer businesses, further promising developments in radio telephony, and the investment in Cellnet, the directors considered that both companies were exceptionally well placed to continue their growth in the foreseeable future.

Securicor turnover rose to £356.4m (£310.88m) with the UK accounting for nearly £313m (£274.5m). Pre-tax profit was split as to security, communications and parcels UK £8.75m (£7.06m) and overseas £2.63m (£2.09m); finance, investments and insurance £3.62m (£3.39m): property, hotels and vehicle division £1.43m (£1.74m).

The international courier business was sold last September. Cost of the closure was fully covered by an extraordinary charge of £628,000, net of tax relief £107,000 and minorities £609,000; but the impact of that will be reduced by the balance of the sale consideration payable in 1987

● comment

The drop in Securicor's tax charge to a standard 35 per cent from last year's 44 per cent has enabled the group to break out of the narrow 5.5p-to-6p earnings per share range of the last few years. About two-thirds of the leap forward to 7.8p was tax related, a factor which is unlikely to be as helpful in the present year. In trading terms the UK overnight parcels service has been the star performer, with turnover now up to £130m a year and growing as the retail chains farm out deliveries as part of their struggle to keep stocks down. However, at 192p Securicor Group's shares are on a historic multiple of 25 and, on forecasts of £19.5m for this year, on a forward looking p/e of 21 given a 38 per cent tax rate, high rating of the shares reflects the earnings expected to come from Cellnet—now believed to be round the corner as opposed to up the street. In the short run this leaves little upside potential though holders should be more than happy enough.

Informal approaches for Trent

Trent Holdings, Nottingham-based door manufacture, yesterday announced a 16 per cent rise in interim profits and revealed that it had recently received a number of informal approaches with a view to a merger.

Trent said it would continue to consider the merit of combining with a larger group involved in specialist building products and services.

Although pre-tax profits rose from £227,000 to £263,000 in the six months to September 30, 1986, the company said leaderflush Projects was still not profitable despite securing substantial orders.

Turnover for the half year rose 15 per cent to £3.65m (£3.17m). Interest charges more than doubled to £92,000 (£40,000) reflecting the high capital expenditure of recent years.

After tax of £81,500 (£57,000) earnings per 10p share were 2.64p (2.47p). The net interim dividend is unchanged at 0.46p—last year's total was 1.15p. Pre-tax profits amounted to £135,300, but were after a £494,700 exceptional charge for provision against amounts claimed by the group on cancellation of contract by the public authority.

Press Tools up 15%

Continued progress by its Cosmic Car Accessories subsidiary lifted taxable profits at Press Tools by 15 per cent in the six months to October 31 1986.

On turnover increased from £2.11m to £2.42m, press attained profits of £210,000 against £182,000 last time.

The interim dividend is set at 1p, up from an adjusted 0.8333p.

Phoenix Properties buying mixed portfolio for £9m

Phoenix Properties and Finance yesterday announced a sharp increase in 1985-86 profits and also said it was paying £9.1m for a mixed portfolio of properties.

Consideration to the vendor, Eagerpath, is to be met from existing and proposed borrowing facilities and Phoenix's cash resources, including monies raised by way of an open offer to shareholders of 4.17m new ordinary shares.

Smith New Court has agreed conditionally to place all of the new shares with its investment clients at 112p per share, on the basis that these shares are made available for the open offer.

These shares are to be offered to holders on the register on February 25, 1987, at the placing price of 112p, payable in ful on application.

Certain shareholders have undertaken to ensure that not less than 712,870 of the new shares are available to be placed by Smith New Court. Qualifying holders may apply for any whole number of new shares up to a maximum entitlement of one new ordinary for every three held.

The portfolio being acquired comprises residential and commercial properties situated in Central London and the Home Counties, including a cinema and four mixed residential commercial properties in Central London.

Phoenix said the properties had an aggregate rental income of £695,270 and considerable development potential. They had been valued at not less than £9.1m.

Phoenix's pre-tax profits in the year ended September 30, 1986 climbed from £17,776 to £115,998. This was largely due to the inclusion of a £250,000 fee, payable in April, 1987 in connection with a joint venture development.

The company said yesterday that it considered it appropriate to recognise this in the year to September 1986 since the related services had been rendered prior to that date.

This amount increased net income from ordinary activities to £461,764 (£148,614) and helped offset sharply higher administration expenses of £182,670 (£65,849) and net interest charges of £155,544 (£31,042). Interest was after capitalising £39,963 (£194,594) on the value of stocks.

Amounts written off investments were £7,516 (nil) while last time there was a £33,947 provision to reduce stock market value.

Tax credits of £10,000 (£14,800) represented deferred tax provisions written back. No corporation tax is expected to be payable on the full year profit as a result of available tax losses brought forward. Stated earnings per share were 1.09p (0.43p). No dividends have yet been paid.

Phoenix has also entered into a joint venture agreement with Mountleigh to deveop a 24 acre site at Hounslow Heath, Middlesex. Phoenix will receive 25 per cent of the net profits.

An EGM is expected to be convened in March at which approval will be sought for the open offer and for the purchase of the properties from Eagerpath.

Polytechnic Electronics profits fall

Trading difficulties continued at Polytechnic Electronics in the half year to November 30 1986, and pre-tax profits were limited to £12,000 against a previous £433,000.

The company, a USM-quoted maker of navigation equipment, is committed to developments on Global Positioning System (GPS) sattelites for the US Department of Defence. The Challenger shuttle disaster delayed the company's GPS programme and is blamed by Polytechnic for the profits fall.

Turnover for the period was down from £2.24m to £1m, and Mr M. J. Perry, the chairman, said the lower level of trading would continue until late February. Indications pointed, however, to a strong and sustainable recovery after that date which should compensate the temporary GPS gap in the company's growth.

Navstar, its Switzerland-based subsidiary, had a firm order book standing at £4.5m for 1987,

Earnings per 5p share were shown as nil (2.9p) after a tax charge of £5,000 (£165,000) and minorities of £2,000 (£9,000).

Polytechnic's shares fell 20p on the day, to close at 140p.

HunterPrint expands

HunterPrint, the speciality printing group, has agreed in principle to acquire Hardy Printers (Yorkshire) for £5.8m. The consideration will be satisfied by the placing of 1.64m new HunterPrint shares.

Founded in 1893, Hardy prints short-run continuous stationery for computer use as well as financial reports and accounts. In the year to May, 1986 it reported pre-tax profits of £646,000 on a turnover of September, 1986 on a turnover of £57m.

HunterPrint made pre-tax profits of £3.21m in the year to £5.15m

NOTICE OF REDEMPTION BY THE REGIONAL MUNICIPALITY OF OTTAWA-CARLETON

To the Holders of Debentures U.S. $25,000,000

9½ % Debentures due March 15, 1990

Authorized by By-law Number 35 of 1975

Principal Amount Redeemable March 15, 1987 – U.S. $2,170,000

NOTICE IS HEREBY GIVEN that The Regional Municipality of Ottawa-Carleton will redeem on March 15, 1987 Debentures bearing the numbers listed below at 100% of the principal amount of each Debenture plus accrued interest *to the redemption date.*

U.S. $1,000 COUPON BEARING DEBENTURES

00033	01303	04123	04958	05780	06616	07342	08036	08995	09928	11973	13187	14537	16399	19017	20150	20894	21569	22313	23083
00039	01307	04130	04959	05791	06627	07353	08046	09014	09938	11977	13194	14547	16406	19024	20157	20905	21576	22316	23086
00042	01347	04134	04966	05795	06631	07364	08050	09080	09941	11984	13195	14550	17088	19035	20168	20906	21580	22335	23087
00053	01424	04152	04988	05802	06638	07367	08057	09084	09942	11985	13197	14558	17092	19036	20169	20916	21587	22346	23094
00060	01435	04153	04991	05806	06649	07368	08058	09091	09949	11988	13205	14562	17099	19039	20172	20919	21590	22368	23105
00064	01439	04163	04992	05813	06653	07375	08061	09095	09960	12006	13216	14569	17103	19046	20179	20927	21591	22371	23108
00086	01446	04174	05002	05814	06660	07386	08068	09102	09982	12010	13249	14624	17110	19057	20183	20938	21598	22372	23120
00104	01457	04185	05003	05817	06664	07397	08072	09106	09993	12031	13252	14661	17114	19061	20190	20941	21601	22379	23127
00130	01523	04196	05010	05827	06671	07400	08079	09113	09996	12039	13253	14668	17121	19068	20201	20949	21609	22401	23182
00203	01538	04200	05021	05835	06726	07401	08090	09116	10004	12050	13260	14682	17132	19069	20212	20960	21613	22405	23185
00214	01549	04207	05032	05836	06729	07412	08091	09212	10008	12054	13315	14683	17133	19072	20223	20971	21620	22412	23186
00225	01560	04211	05035	05838	06737	07419	08105	09216	10015	12061	13319	14694	17143	19079	20224	20975	21631	22423	23197
00236	01567	04218	05036	05839	06741	07420	08112	09223	10026	12072	13326	14701	17147	19080	20226	20982	21642	22434	23204
00247	01611	04229	05043	05846	06748	07430	08116	09226	10027	12076	13330	14705	17158	19083	20227	20985	21646	22438	23207
00251	01637	04233	05054	05847	06752	07441	08123	09234	10030	12083	13337	14712	17165	19090	20234	20986	21656	22445	23208
00258	01645	04240	05065	05849	06759	07445	08134	09238	10037	12087	13341	14723	17169	19094	20238	20993	21664	22456	23215
00261	01688	04251	05069	05850	06763	07452	08145	09245	10048	12098	13348	14724	17176	19101	20245	21008	21675	22460	23218
00262	01699	04255	05076	05857	06781	07456	08148	09249	10059	12105	13359	14726	17180	19123	20249	21015	21679	22467	23226
00306	01746	04273	05080	05861	06784	07463	08149	09256	10063	12116	13363	14727	17187	19127	20256	21018	21686	22478	23237
00368	02220	04284	05087	05868	06785	07467	08156	09259	10070	12120	13370	14734	17188	19134	20260	21026	21697	22489	23241
00379	02227	04288	05090	05869	06792	07474	08157	09260	10081	12127	13373	14749	17198	19145	20267	21030	21708	22500	23248
00383	02231	04295	05098	05872	06803	07496	08167	09267	10085	12138	13381	14756	17236	19149	20270	21037	21712	22511	23252
00390	02238	04299	05102	05890	06807	07507	08171	09271	10095	12142	13392	14767	17308	19156	20278	21048	21719	22515	23534
00394	02249	04306	05109	05901	06814	07511	08178	09282	10096	12153	13403	14778	17312	19167	20279	21059	21723	22522	23545
00401	02250	04317	05120	05912	06825	07518	08435	09289	10103	12160	13414	14800	17319	19171	20289	21070	21730	22525	23549
00412	02263	04339	05124	05913	06829	07519	08442	09292	10125	12171	13418	14804	17455	19178	20293	21074	21734	22533	23600
00434	02264	04343	05142	05923	06836	07522	08443	09293	10136	12182	13425	14811	17462	19179	20300	21081	21741	22544	23633
00438	02271	04350	05153	05926	06847	07529	08446	09300	10140	12193	13436	14815	17466	19182	20304	21082	21742	22548	23636
00453	02282	04354	05157	05927	06850	07533	08453	09315	10147	12204	13557	14822	17473	19200	20311	21085	21745	22555	23644
00467	02293	04361	05164	05945	06858	07540	08464	09322	10150	12215	13568	14826	17477	19204	20315	21092	21752	22566	23776
00470	02294	04362	05168	05956	06862	07541	08468	09326	10169	12303	13579	14833	17484	19211	20322	21095	21756	22577	23842
00471	02296	04372	05175	05967	06869	07544	08475	09333	10173	12307	13682	14844	17487	19214	20325	21103	21763	22580	23843
00478	02304	04383	05186	05971	06872	07551	08478	09348	10180	12314	13689	14847	17488	19222	20326	21107	21774	22581	23853
00481	02307	04394	05197	06033	06873	07552	08486	09355	10184	12318	13711	14855	17495	19226	20333	21114	21778	22588	23864
00492	02308	04398	05201	06037	06880	07562	08497	09366	10191	12325	13715	14858	17499	19233	20337	21125	21785	22592	23868
00522	02326	04405	05208	06044	06883	07566	08501	09370	10202	12336	13722	14910	17517	19244	20344	21129	21796	22599	23876
00525	03055	04408	05219	06132	06884	07573	08519	09399	10206	12340	13733	14943	17520	19247	20348	21136	21797	22603	23879
00526	03056	04449	05230	06143	06891	07584	08523	09403	10213	12347	13736	14944	17521	19255	20355	21140	21800	22610	23941
00533	03063	04460	05241	06146	06902	07606	08530	09410	10257	12351	13744	14947	17528	19266	20359	21147	21807	22621	23952
00544	03162	04463	05244	06154	06906	07610	08534	09413	10260	12358	13747	14954	17539	19267	20366	21148	21818	22624	24275
00555	03166	04471	05245	06158	06913	07617	08541	09421	10261	12501	13755	14998	17542	19270	20370	21151	21821	22632	24282
00556	03173	04475	05252	06165	06914	07620	08544	09425	10268	12512	13766	15372	17543	19277	20377	21158	21829	22643	24458
00559	03184	04482	05253	06176	06916	07621	08552	09432	10279	12515	13777	15482	17550	19365	20380	21162	21840	22654	24462
00566	03188	04486	05257	06179	06917	07628	08563	09435	10565	12523	13799	15485	17554	19376	20388	21169	21862	22658	24469
00570	03195	04493	05274	06180	06928	07632	08567	09443	10576	12526	13802	15629	17561	19412	20410	21172	21873	22665	24480
00577	03217	04504	05275	06187	06935	07639	08574	09446	10587	12534	13810	15636	17572	19413	20414	21173	21874	22668	24491
00581	03228	04505	05278	06191	06939	07643	08585	09447	10588	12538	13814	15724	17575	19457	20421	21180	21876	22676	24502
00632	03232	04508	05285	06202	06946	07654	08588	09458	10598	12545	13825	15728	17584	19530	20432	21191	21877	22680	24513
00636	03239	04515	05296	06209	06949	07661	08600	09465	10602	12549	13832	15735	17586	19533	20436	21202	21895	22687	24524
00643	03243	04518	05300	06212	06957	07664	08607	09469	10687	12556	13843	15746	17587	19534	20443	21205	21899	22698	24535
00647	03250	04526	05307	06213	06961	07665	08611	09476	10690	12560	13854	15757	17707	19541	20447	21213	21906	22702	24539
00654	03253	04529	05311	06220	06968	07672	08618	09487	10697	12567	13855	15761	17708	19552	20454	21217	21921	22709	24546
00665	03254	04537	05318	06223	06969	07675	08622	09491	10862	12581	13858	15768	17715	19563	20458	21227	21928	22712	24557
00676	03261	04541	05319	06224	06972	07676	08629	09501	10866	12582	13865	15779	17719	19567	20465	21228	21939	22713	24561
00687	03265	04581	05329	06231	06979	07683	08633	09509	10873	12589	13876	15790	17726	19574	20469	21235	21950	22720	24572
00691	03272	04592	05340	06242	06982	07687	08640	09513	10884	12593	13879	15794	17730	19585	20476	21246	21954	22724	24579
00698	03275	04607	05344	06243	06983	07694	08651	09520	10895	12600	13887	15801	17737	19589	20480	21257	21961	22731	24580
00709	03276	04614	05351	06246	06990	07705	08652	09521	10898	12604	13891	15812	18342	19596	20487	21260	21972	22742	24583
00713	03283	04618	05355	06264	06993	07708	08655	09524	10906	12611	13898	15815	18346	19607	20498	21261	21973	22746	24590
00720	03294	04629	05362	06275	06994	07709	08662	09531	10917	12622	13909	15816	18353	19618	20509	21268	21975	22753	24594
00721	03297	04647	05373	06290	07001	07716	08665	09535	10928	12714	13912	15823	18356	19629	20520	21279	21983	22764	24601
00724	03298	04662	05384	06297	07012	07720	08673	09542	10932	12721	13920	15827	18364	19633	20524	21290	21987	22768	24627
00731	03320	04669	05388	06301	07023	07727	08677	09553	10939	12732	13921	15834	18368	19827	20531	21301	22005	22775	24638
00734	03364	04673	05395	06308	07034	07728	08684	09575	10943	12736	13924	15838	18375	19838	20535	21304	22009	22786	24645
00746	03371	04680	05406	06311	07035	07731	08687	09586	10950	12743	13931	16109	18386	19849	20542	21305	22016	22790	24656
00753	03374	04684	05410	06319	07045	07738	08688	09590	10961	12754	13942	16112	18387	19860	20553	21312	22020	22797	24667
00757	03383	04691	05417	06320	07049	07741	08699	09597	10965	12765	13953	16120	18390	19864	20557	21327	22027	22801	24671
00764	03386	04695	05421	06341	07056	07742	08706	09608	10972	12769	13956	16131	18397	19872	20564	21334	22038	22808	24678
00767	03405	04717	05428	06352	07060	07749	08710	09622	10983	12776	13957	16142	18401	19882	20567	21337	22049	22823	24689
00768	03415	04724	05461	06363	07067	07750	08717	09623	10994	12780	13964	16146	18408	19886	20575	21345	22060	22830	24693
00775	03419	04728	05465	06364	07078	07760	08721	09630	10997	12787	13968	16153	18412	19893	20586	21356	22063	22834	24700
00779	03426	04735	05473	06366	07081	07764	08728	09634	10998	12798	13975	16164	18419	19904	20589	21367	22071	22841	24701
00786	03427	04736	05476	06367	07089	07771	08732	09641	11005	12809	13976	16165	18423	19908	20597	21368	22075	22842	24704
00787	03437	04739	05487	06374	07093	07775	08739	09644	11049	12813	13979	16175	18430	19915	20608	21371	22082	22845	24711
00819	03459	04746	05498	06378	07100	07786	08740	09652	11053	12820	13986	16179	18434	19919	20619	21378	22086	22852	24715
00823	03463	04750	05505	06385	07104	07793	08750	09656	11064	12824	13989	16186	18441	19926	20630	21381	22093	22863	24722
00830	03470	04757	05516	06396	07111	07797	08761	09663	11071	12831	13990	16190	18445	19930	20634	21389	22104	22874	24733
00834	03474	04761	05520	06400	07122	07804	08772	09667	11072	12834	13997	16197	18452	19937	20641	21390	22108	22889	24736
00907	03481	04768	05527	06407	07126	07815	08794	09674	11115	12835	14001	16198	18455	19941	20645	21393	22115	22899	24744
00922	03484	04771	05530	06410	07133	07826	08805	09677	11118	12842	14019	16208	18463	19948	20652	21400	22118	22907	24755
00929	03485	04772	05531	06418	07137	07829	08809	09685	11119	12846	14030	16211	18474	19951	20663	21403	22119	22911	24758
00941	03492	04779	05538	06419	07144	07830	08816	09689	11270	12853	14041	16219	18475	19952	20674	21411	22126	22918	24759
00944	03749	04790	05542	06429	07145	07840	08820	09707	11280	12864	14044	16230	18478	19959	20685	21412	22130	22922	24766
00951	03756	04793	05549	06433	07155	07848	08827	09711	11291	12897	14052	16234	18485	19963	20689	21415	22137	22929	24770
01039	03767	04794	05560	06440	07159	07859	08831	09718	11292	12908	14063	16241	18489	19970	20696	21422	22141	22933	24876
01083	03771	04801	05571	06441	07166	07863	08838	09721	11302	12919	14074	16245	18496	19971	20697	21423	22148	22940	24887
01097	03778	04812	05575	06443	07177	07870	08842	09729	11676	12930	14078	16252	18500	19981	20707	21426	22159	22943	24888
01127	03779	04834	05582	06452	07188	07881	08849	09733	11680	12941	14085	16256	18507	19992	20710	21433	22170	22944	24898
01138	03782	04838	05593	06473	07199	07892	08860	09784	11687	12945	14360	16263	18511	19995	20711	21444	22181	22951	24899
01142	03789	04848	05596	06477	07203	07896	08864	09785	11690	12963	14363	16266	18518	20003	20718	21448	22192	22955	24909
01149	03965	04856	05597	06484	07210	07903	08871	09806	11691	12967	14371	16267	18522	20007	20729	21455	22196	22962	24913
01152	03969	04859	05604	06485	07221	07914	08882	09810	11698	12978	14375	16274	18529	20014	20733	21459	22203	22966	24920
01153	03976	04860	05607	06495	07232	07918	08886	09817	11709	12996	14393	16278	18533	20018	20751	21466	22206	22973	24931
01160	03987	04867	05615	06498	07236	07947	08893	09818	11713	13007	14397	16285	18870	20025	20762	21477	22214	22977	24953
01164	03998	04871	05616	06506	07244	07948	08896	09828	11797	13011	14415	16300	18874	20036	20766	21481	22218	22984	24957
01171	04002	04878	05619	06528	07247	07958	08904	09839	11801	13018	14426	16307	18881	20047	20773	21488	22225	22995	24964
01172	04009	04882	05627	06532	07254	07969	08915	09843	11808	13021	14430	16318	18885	20062	20777	21499	22229	23006	24975
01175	04020	04893	05637	06539	07265	07972	08918	09861	11819	13029	14437	16322	18896	20069	20784	21503	22236	23007	24976
01182	04031	04900	05638	06543	07276	07973	08919	09865	11823	13033	14441	16329	18903	20073	20795	21510	22240	23010	24979
01186	04046	04911	05641	06550	07277	07980	08926	09875	11834	13040	14448	16333	18907	20080	20799	21514	22247	23017	
01193	04053	04922	05648	06554	07280	07981	08930	09883	11841	13044	14452	16340	18914	20083	20806	21521	22258	23028	
01204	04064	04933	05652	06561	07302	07984	08937	09886	11845	13051	14485	16351	18918	20091	20817	21525	22259	23032	
01230	04075	04934	05714	06565	07309	08002	08941	09894	11852	13055	14492	16362	18925	20095	20839	21535	22262	23039	
01259	04079	04936	05725	06572	07320	08005	08948	09898	11863	13073	14496	16363	18929	20102	20850	21543	22269	23050	
01270	04086	04937	05726	06587	07321	08006	08959	09905	11874	13150	14503	16365	18991	20113	20854	21544	22273	23053	
01271	04097	04944	05747	06594	07324	08013	08970	09909	11878	13161	14514	16373	18995	20124	20861	21554	22280	23061	
01285	04100	04947	05751	06598	07331	08024	08971	09916	11885	13164	14518	16377	19002	20135	20872	21557	22284	23064	
01292	04101	04948	05758	06605	07332	08025	08985	09920	11896	13176	14526	16384	19006	20138	20876	21565	22291	23072	
01296	04112	04955	05773	06609	07335	08035	08992	09927	11897	13184	14536	16395	19013	20146	20883	21568	22302	23076	

The above Debentures will be paid upon surrender of the Debentures, accompanied by all interest coupons appertaining thereto maturing after March 15, 1987, at The Bank of Nova Scotia Trust Company of New York, 67 Wall Street, New York, N.Y. 10005, U.S.A., or at the option of the holder, at the main office of the Bank of Nova Scotia, 33 Finsbury Square, London, England, EC2A 1BB *and its offices in Continental Europe* specified on the Debentures, the Kredietbank S.A. Luxembourgeoise, 43 Boulevard Royal, P.O. Box 1108, Luxembourg and The Bank of Bermuda, Front Street, Hamilton, 5-31, Bermuda.

The interest coupons maturing on March 15, 1987 should be detached from the Debentures and cashed before presentation. If such Debentures are presented for payment without all interest coupons appertaining thereto which mature after March 16, 1987, the amount of the missing unmatured coupons will be deducted from the principal amount due for payment. All interest on the Debentures so redeemed shall cease to accrue from and after March 15, 1987.

The following Debentures previously redeemed on the dates indicated have not been presented for payment.

March 15, 1986

00040	00216	00218	00220	00229	00240	00260	00504
00506	00548	00557	00568	00588	00658	01065	01272
01274	01428	01448	01450	01516	01743	01747	01910
04594	04596	04603	04618	04620	04671	04702	04706
04713	04715	04737	04781	04816	04880	04889	05289
05291	05494	05586	05705	05707	05782	05784	05786
05905	05916	05929	06035	06356	09401	14551	19112
19391	19455	19556	23107	23109	24497	24504	24506
24517	24528	24550	24568	24570	24581	24603	24605
24612	24616	24618	24623	24634	24636	24649	24658
24660	24680	24682	24691	24702	24706	24713	24726
24735	24737	24746	24748	24757	24935	24942	

March 15, 1985

04649	04692	04693	04694	04699	04703	04825	05028
05766	12007	12009					

March 15, 1984

04698	04708	04820

Dated this 11th day of February, 1987

J. C. LeBelle, *Treasurer*

UK COMPANY NEWS

Sarasota Technology in talks as shares rise

By Richard Tomkins

SHARES in Sarasota Technology, Winchester-based high-technology instrumentation shot up 19p to 103p yesterday when the company announced that it had received an approach from a possible bidder.

Sarasota said the approach might or might not lead to an offer and would give no clues about the identity of the other party.

The group's main product areas are traffic control sensors which are installed below the road surface, and precision flow meters which are used to measure water, oil and gas. Its products go to the US and US markets.

The company was bought out by its management from Redland and came to the stock market through an offer for sale at 132p in 1984. However, its profit performance was poor and the price quickly fell back.

Last year, Sarasota began to be regarded as a possible bid target, but in November the company reported a profit recovery from £752,000 to £855,000 for the six months to September and said it was searching for suitable acquisitions on both sides of the Atlantic.

Some 40 per cent of Sarasota's equity is held by CIN Industrial Developments, Equity Capital for Industry and Barclays Industrial Development, and another 9 per cent is held by Mr Ian McCue, the managing director.

TSB subsidiary moves ahead by 27% to £138m

BY DAVID LASCELLES, BANKING EDITOR

TSB England & Wales, the largest component of the newly-floated Trustee Savings Bank group, has followed its parent by announcing a strong rise in profits for the year ending November 20. At the operating level, these were £138.1m, up 27.6 per cent on the 1985 figure of £108.2m.

At the same time, the bank said it would spearhead a new drive by the TSB group to develop its commercial loan business, an area in which it was comparatively new.

Mr Leslie Priestley, the chief general manager of TSB E&W, said the bank was continuing to attract new personal and corporate business, but that growth in the wholesale banking market had been restrained by highly competitive conditions.

The TSB E&W claims to account for about 75 per cent of the TSB's group lending, but has tended to concentrate on personal rather than corporate loans. However, with the proceeds of its £1.5bn flotation now to hand, the TSB sees development of the commercial loan portfolio as a major priority, meaning that the TSB will begin to challenge the clearing banks more closely in their main market.

At the end of last year, the TSB E&W had total advances of £2.8bn, up from £2.7bn, against total assets of £9.2bn. This indicated that the bank was heavily underlent and that it needs to build up more loan business to improve its long-run profitability.

Until the early 1980s the TSB did very little lending because its main mission was to invest in gilt-edged stock. The bank only began to expand its commercial loan portfolio in 1982.

The TSB E&W has recently hired Mr John Boreham from the Midland Bank to be head of corporate finance, and is now sounding out leading UK companies with a view to developing fuller banking relationships with them.

Mr Boreham said that TSB E&W's capital base would enable it to think in terms of loans of more than £50m to individual customers, possibly as much as £70m. It had already done two £50m loans, one to the Kingdom of Denmark, and another to a blue-chip UK company which it will not name.

"We see great capacity for growth," he said. "We have a big volume of available capital and goodwill."

Mr Boreham stressed that the TSB was "not out to buy market share" by clipping its loan interest rates or taking on imprudent business. But he believed that with its low operating costs and its huge store of available funds, the bank should be able to offer money at highly competitive rates.

He also said that the bank was keen to become "a core banker" to large companies rather than just a fair weather friend. He noted that the bank was able to offer a wide range of services including currencies, acceptances and treasury. The TSB was also aiming its corporate services at medium and smaller sized companies.

However, the TSB E&W still has a lot of work to do to develop its commercial lending ability. Mr Boreham has only been in his job for a month, and his staff of 30 is being trained and expanded. The bank also needs to improve its ability to deliver a better service to companies. It has identified 40 branches which it will over time transform into commercial banking operations.

BOARD MEETINGS

TODAY

Interims:—Amstrad, Automagic, Manganese Bronze, TR City of London Trust.

Finals:—General Consolidated Investment Trust, Newmarket, Reuters.

FUTURE DATES

Interims:—

Alumasc	Feb 20
Fleming Enterprise Invest Tst.	Feb 20
Intereurope Technology Services	Feb 17
Peachey Property	Feb 18
Polypipe	Feb 19

Finals:—

Debron Investments	Feb 18
Midland Bank	Mar 4

Oxford Instruments to expand on analytical side

BY PETER MARSH

Oxford Instruments, one of Britain's leading medium-sized high-technology groups, is preparing to expand in the area of analytical instruments by buying companies either in the UK or overseas.

Dr Peter Williams, Oxford Instruments' chief executive, said he hoped that analytical instruments would account for about 20 per cent of the group's turnover in two years, up from 5 per cent now. Annual sales for the year ending March 1986 were £75.9m, of which £17.2m was pre-tax profit. Sales for 1986-87 are expected to top £100m.

Oxford Instruments' shares have slumped recently following aborted merger talks last month with UEI, another publicly quoted high-technology company, which specialises in electronic equipment for TV and design studios.

It also disappointed the stock market with its last set of interim figures last autumn. Dr Williams acknowledged that the company's business in magnets for body scanners—which accounts for about half its turnover—was flat, mainly as a result of a slow-down in orders from US hospitals.

According to Dr Williams, his company has "narrowly missed" making three acquisitions in analytical instruments in the past year. It is considering two further possible purchases, one in the UK and the other abroad.

Any acquisitions would fit in with the company's existing activities in making analytical instruments for the food, oil and minerals industries. Annual world sales of such instruments add up to about £2bn. The business is dominated by US and Japanese companies such as Perkin-Elmer, Hewlett-Packard, SmithKline Beckman, Varian, Shimadzu and Hitachi.

Dr Williams said Oxford Instruments was particularly interested in acquisitions involving companies making products in optical and infrared spectroscopy.

He said that the company had high hopes for growth in its other main business areas, semiconductor manufacturing equipment and patient monitoring systems.

Interview with Sir Martin Wood, Oxford Instruments founder . . . see Technology Page

Wiggins cash extends Docklands plan

By Richard Tomkins

Wiggins, the London-based developer and motor retailer which returned to profit last year after three years of losses, yesterday proposed a one-for-four rights issue to fund the further development of its Waterside site in London's Docklands.

Just over 2.5m shares will be issued at 137p a share, so raising £3.3m for the company after expenses. The issue has been underwritten.

Wiggins said the proceeds would help finance the fourth phase of the Waterside development, which is its most important project. This will comprise 45 business suites providing 50,000 sq ft of office space.

In the short term, the cash will be used to reduce borrowings, and should cut the debt/equity ratio from about 150 per cent at the last year end to about 66 per cent.

In the year to last March, Wiggins made pre-tax profits of £769,000 after three years of heavy losses stemming from its contracting operations. These were sold last June, and the company made pre-tax profits of £528,000 in the six months to September compared with £128,000 a year earlier.

Wiggins said the group's performance since September had been encouraging and the directors viewed the future with confidence. The shares closed 7p down at 153p.

MK buys Gilflex

MK Electric has purchased Caradon Gilflex, manufacturer of electrical cable management and protection systems, for a cash sum based on net assets at the completion date plus £500,000.

Caradon Gilflex, formerly a subsidiary of Caradon (UK), had net assets of approximately £2m and made operating profits of £100,000 on turnover of £4.2m in the year to March 30, 1986.

I.G. INDEX
FT for February
1,490-1,496 (−35)
Tel: 01-828 5699

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION

Abbey Unit Tst. Mngrs. (a)
80 Holdenhurst Rd, Bournemouth 0345 717373

	Bid Price	Offer Price	+ or −	Yield Gross
High Income				
American Income	50.8	54.0	−1.9	4.86
Gilts & Fixed Int.	109.1	115.4	−1.1	10.40
High Inc Equity	108.7	114.6	−0.9	4.50
Worldwide Bond	202.7	215.6	+0.3	4.50
Capital Growth				
American Growth	166.5	177.1	−4.0	0.80
Asian Pacific	65.3	69.4	−0.4	1.48
Assets & Emgs. Tst.	126.5	134.5	−1.6	2.15
Capital Reserve	67.6	68.0	...	1.48
Commodity & Engy	112.0	119.1	−1.1	0.96
European Capital	95.8	101.9	+1.5	1.28
General	155.2	164.1	−0.05	2.58
Japan	78.0	82.9	+0.1	0.0
Mastertrust	71.9	76.4	−0.5	2.15
UK Growth Acc. Units	174.6	185.7	−0.7	0.85
UK Growth Dist	120.8	128.5	−0.5	1.22
U.S. Emerging Co's	57.1	60.7	−1.7	0.08
Equitas Prog	242.9	258.4	−2.4	2.79

Allied Dunbar Unit Trusts PLC (a)(g)
Allied Dunbar Centre, Swindon, SN1 1EL
(0793) 28291. Dealing (0793) 610366

Balanced Trusts				
Growth & Inc Trust	151.3	160.4	−1.9	2.82
Capital Trust	254.3	269.6	−3.9	2.56
Balanced Trust	407.2	431.6	−6.1	3.19
Accum Trust	625.3	662.8	−8.2	2.87
Income Trusts				
American Income Tst.	33.8	36.0	−0.3	4.14
High Income Trust	285.1	302.3	−2.8	4.41

Barrington Mgmt Co Ltd (z)
20 Fenchurch Street London EC3 01-623 8000

American Smaller Co	66.8	70.9	−2.1	0.95
(Accum Units)	68.6	72.9	−0.2	0.95
European Fund	102.7	108.4	+3.5	1.21
(Accum Units)	126.7	133.7	+4.3	1.21
Fund of Inv Ts	24.7	26.1	+0.2	2.12
(Accum Units)	31.7	33.4	+0.2	2.12
General Fund	190.3	200.8	+2.6	2.59
(Accum Units)	263.0	277.5	+3.5	2.59
Gilt Yield	112.2	115.6	−0.1	10.13
(Accum Units)	184.9	190.5	−0.3	10.13
High Yield	104.0	109.7	+0.7	4.52
(Accum Units)	211.1	222.7	+1.3	4.52
Int Recovery Fund	112.6	118.8	+0.9	1.86
(Accum Units)	119.1	125.6	+1.0	1.86
Japan Fund	249.9	263.6	−0.6	0.28
(Accum Units)	251.6	265.4	−0.7	0.28
Japanese Special	113.1	119.3	−0.3	0.24
(Accum Units)	113.5	119.7	−0.4	0.24
North American	56.0	59.1	−1.5	0.70
(Accum Units)	65.1	68.7	−1.5	0.70
Pacific Fund	146.1	154.1	−0.7	0.56
(Accum Units)	164.5	173.6	−0.9	0.56
Planned Investment	145.9	154.3	...	3.50
Smaller Companies	97.3	102.7	+0.8	0.88
(Accum Units)	116.1	122.5	+1.0	0.88
UK Equity Growth	31.0	32.7	+0.5	0.52
(Accum Units)	51.3	54.1	+0.8	0.52
Worldwide Tech	43.3	45.7	−0.3	0.99
(Accum Units)	43.7	46.1	−0.3	0.99
KB High Yield	152.7	161.1	+1.8	4.74
(Accum Units)	257.8	272.1	+3.3	4.74

Bell Court Fund Mngt PLC
11 Blomfield Street, London EC2M 2LB. 01-588 5171

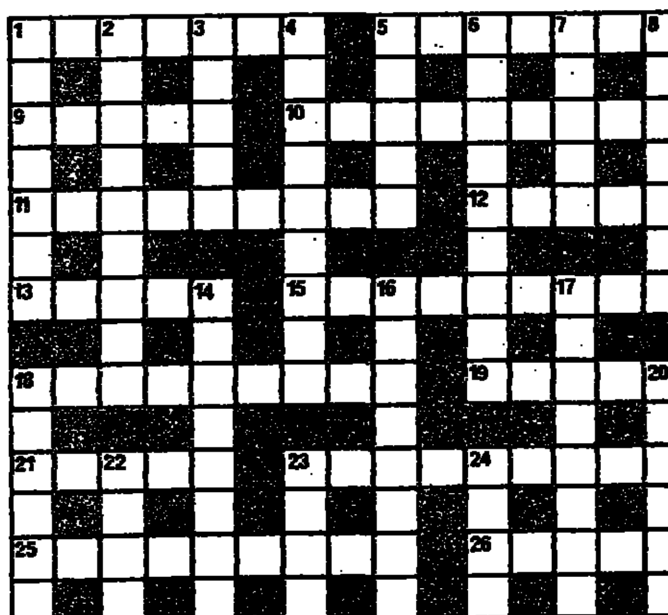
Far Eastern	271.0	289.0	...	0.69
America	234.0	250.0	...	0.8
UK & European	379.5	402.5	...	1.50

Bishopsgate Progressive Mgmt. Co
15 St James' Place, London SW1A 1NW 01-493 8111

INSURANCES

FT CROSSWORD PUZZLE NO. 6,250

HIGHLANDER



ACROSS

1 Take care of flower boat (7)
5 Heart-broken about NIC — one lost instalment (7)
9 Growth works (5)
10 Garrison work on tactical move (8)
11 If not, use another white rose (9)
12 Was first round, thanks to Greek character (5)
13 Attack Sunday school (3,2)
15 Note the wood panel on the fascia (9)
18 Encourage administrative districts to get into a worse state (9)
19 Two below on the green, one above in the blue (5)
21 Not a live wire — more of a clod (5)
23 Re-order instanter, for a short time only (9)
25 Plenty in favour of coalition (9)
26 Holy man bearing steps (5)
27 Balance to be paid with new rise (7)
28 Where one keeps teetotaller imprisoned for battery? (3,4)

DOWN

1 Business dedicated to having abundant supply (7)
2 A way to specify turnover which is dispassionate (9)
3 Union is over the hill, according to coach (5)
4 Do not go on putting up fellow-traveller with the rest (9)
5 Exciting past, perhaps (5)
6 So be it lad, be erratic and changeable (9)
7 Well-mannered domestic (5)
8 Beryl is associated poetically with Ireland (7)
14 Central Hospital has fresh, fit outside reporter (9)
16 Suffered but kept going (9)
17 Combine with silver for example in jar (9)
18 Not the best quality cover for every calling device (7)
20 Start with a pound of intestines (7)
22 Pooh's friend has written material for *Chambers* (5)
23 Rot in organ lining (5)
24 Fresh locally, when found in shipyard (5)

Solution to Puzzle No. 6,249

```
STRUCK PROBABLE
T E R D E A R R
RESPITE CUTDOWN
A P B C O T W E
NOON GRAVELINES
G N B Y E E   T
EASTER GRADING
R E R I Y O I E
 ASININE DRAGON
M   A S C E H T
EMENDATION STAR
R L O A A O W A
CHASTEN CONCERN
E N T C H C A C
REDDENED DECREE
```

AUTHORISED UNIT TRUST & INSURANCES

Cannon Assurance Ltd
1 Olympic Way, Wembley HA9 0NB — 01-902 8876

2nd Series Life Accumulation

Equity	370.3	391.9	+3.5	
High Income	316.7	335.1	+3.4	-
Property	217.1	229.7		-
Managed	264.4	279.8	+0.6	-
Deposit	177.4	187.7		-
Gilt	182.6	193.2	-0.2	-
American	267.7	283.3	-3.0	-
International Money	200.9	212.6	+1.6	-
Index	111.6	118.1	+0.9	-
Far East	214.0	226.5	+1.0	-
Global	106.5	112.7		-
European	107.7	114.0	+0.8	-
Japan	114.2	120.8	+0.1	-
Residential Property	96.9	102.5	..	-

2nd Series Pension Accumulation

Equity	593.1	627.6	+6.3	-
High Income	378.9	401.0	+4.6	-
Property	305.2	323.0	..	-
Managed	384.0	406.3	+1.2	-
Deposit	264.1	279.5		-
Gilt	257.8	272.8	-0.1	-
American	423.2	447.8	-5.6	-
International Money	289.4	306.2	+3.2	-
Index	122.6	129.7	+0.8	-
Far East	236.9	250.7	+1.2	-
Global	109.7	116.1	..	-
European	111.2	117.7	+0.9	-
Japan	119.6	126.6	+0.3	-
Residential Property	97.8	103.5	--	-

Other Funds

Equity Units		79.64	+0.77	-
Property Units		22.92		-
Equity Bond/Exec	49.31	52.16	+0.48	-
Property Bond/Exec	30.96	32.76		-
Balanced Bond/Exec	37.42	39.41	+0.09	-
C&E SIF 1	123.5	130.5		-
C&E SIF 2	80.0	85.0	+0.5	-

City of Edinburgh Life Assurance
46 Charlotte Sq, Edinburgh EH2 4HQ — 031-225 1655

Lion & Stone Bond	118.0	125.0		-
Risk & Reward Bond	150.0	158.0	..	-
Murray Johnstone Fd	135.0	143.0	..	-
Money Market Fd	110.0	116.0	..	-

Devonshire Life—Contd.

Money	100.7	106.1		
Pen Managed	134.5	141.7	+0.8	
Pen World Growth	104.8	110.5	+0.7	-
Pen UK Equity	146.4	154.2	+0.8	-
Pen UK Small Cos	137.3	144.6	+0.8	-
Pen European	101.7	107.1	+2.0	-
Pen Far Eastern	231.6	243.9	+3.9	-
Pen Nth American	97.2	102.4	-0.7	-
Pen Fixed Interest	111.2	117.1		-
Pen Index Lnkd Sts	103.8	109.3	+2.0	-
Pen Money	105.5	111.2	...	-

Eagle Star Insurance Co Ltd
Bath Road, Cheltenham GL53 7LQ — 0242 521 311

Secure Fund	104.6	110.2	+0.1	-
Blue Chip Fund	135.7	142.9	-1.1	-
Performance Fund	162.6	171.2	-0.9	-
Adventurous Fund	115.8	164.0	-0.5	-
Pensions Secure	96.0	101.1		-
Pensions Blue Chip	104.4	109.9	-1.0	-
Pensions Performance	104.7	110.3	-0.7	-
Pensions Adventurous	103.7	109.2	-0.5	-
Pensions With Profits	101.0	106.4	-1.5	-

Eagle Star Insur./Midland Assur.
1 Threadneedle St, London EC2 — 01-588 1212

Eagle/Mid. Units	180.6	187.2	-1.7	3.94

Equitable Life Assurance Society
4 Coleman Street, London EC2R 5AP — 01-606 6611

Far Eastern	181.9	191.5	-0.6	-
Fd of Inv Tsts	151.8	159.8	-0.6	-
Gilt & Fixed Int	116.9	123.1	+0.5	-
High Income	169.0	177.9	-1.6	-
Intnl Growth	112.4	118.3	-1.8	-
Managed	137.9	145.2	-0.6	-
Money	109.3	115.1	..	-
North American	126.4	133.0	-1.5	-
Pelican	157.5	165.8	-1.6	-
Property	108.9	114.6	..	-
Special Sits	163.4	172.0	-1.0	-
School Fee Managed	151.9	159.9	-1.0	-

Pension Funds

Far Eastern	209.0	220.0	-0.8	-

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

Money Market Trust Funds

Money Market Bank Accounts

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. * Guernsey gross. ø Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ● Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	27	NEI	8
Amstrad	15	Nat West Bk	48
BAT	35	P & O Dfd	45
BOC Grp.	28	Plessey	16
BSR	11	Polly Peck	16
BTR	26	Racal Elect.	15
Babcock	16	RHM	24
Barclays	42	Rank Org Ord	45
Beecham	40	Reed Intnl	25
Blue Circle	55	STC	13
Boots	22	Sears	12
Bowaters	32	TI	40
Brit Aerospace	42	TSB	8
Brit. Telecom	17	Tesco	36
Burton Ord	26	Thorn EMI	42
Cadburys	17	Trust Houses	15
Charter Cons.	24	Turner Newall	18
Comm Union	28	Unilever	100
Courtaulds	26	Vickers	36
FNFC	17	Wellcome	17
Gen Accident	75	**Property**	
Gen Electric	15	Brit Land	16
Glaxo	85	Land Securities	30
Grand Met.	40	MEPC	32
GUS 'A'	85	Peachey	24
Guardian	75	**Oils**	
GKN	24	BOM	3½
Hanson Tst.	18	Brit Petroleum	50
Hawker Sidd	42	Burmah Oil	32
ICI	75	Charterhall	4
Jaguar	42	Premier	3½
Ladbroke	32	Shell	65
Legal & Gen	20	Tricentrol	8
Lex Service	32	Ultramar	17
Lloyds Bank	38	**Mines**	
Lucas Inds	46	Cons Gold	62
Marks & Spencer	18	Lonrho	22
Midland Bk	48	Rio T Zinc	62
Morgan Grenfell	26		

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

'No alternative to farm cuts'

BY MAX WILKINSON, RESOURCES EDITOR

MR MICHAEL JOPLING, the UK Agriculture Minister, yesterday warned a hostile audience of farmers that "firm measures" would be needed to curb spending on agricultural support in Europe.

He told the annual general meeting of the National Farmers' Union that the Common Agricultural Policy of the European Community needed urgent reform to control the huge surpluses now being built up and the large budgetary cost. He told the conference that the Community's funds had been increased by 40 per cent last year, but the increase had already been spent. "We are facing a prospective overspend in 1987 of some £2.5bn. That is almost entirely because of agriculture," he said.

Half the entire budget of the community was going on storage and the disposal of surpluses, which were competing with surpluses from other countries for a share of a diminishing world market. "Either we get control over Community agriculture, or the EEC is heading, sooner rather than later, for bankruptcy," he warned. "The uncertainties which that would entail and the disastrous effect it would have on the Community's farmers simply do not bear thinking about."

In spite of its faults, Mr Jopling said the CAP had successfully protected European farmers against the "catastrophic waves of depression and bankruptcy" which had swept countries like Australia, New Zealand and the mid-West of the US in recent years.

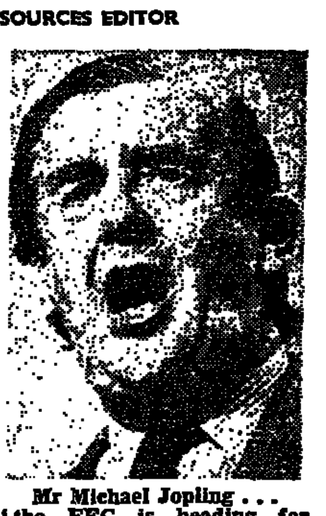
However, reform of the CAP would require agricultural production to be brought closer to what available markets could sensibly absorb. This would be a long term job, he said.

Mr Jopling told the farmers that he knew that cut-backs would present difficulties, but there was no alternative if a complete collapse of the support system were to be avoided. Cutbacks had been implemented in a way designed to be as little damaging to the industry as possible.

In most other EEC countries farmers had also been complaining that they had come off worst from the changes, so it was not true that British farmers had got the "dirty end of the stick."

However, Mr Jopling added: "I will oppose resolutely any suggestion that CAP reform should take place at UK expense. The burden must be shared fairly."

Food production would remain the primary function of British farmers, but he said:



Mr Michael Jopling . . . 'the EEC is heading for bankruptcy'

"We also intend to help farmers adjust and find new opportunities. If we are producing too much of some commodities, let us find ways to extend the range of crops. If the profits on the raw material are squeezed, let us see what can be done to add value. If farming by itself cannot produce enough income, let us diversify."

Mr Jopling then explained some of the controversial measures he proposed on Monday to help change the usage of land from farming where appropriate.

These included plans o promote the planting of new woodlands, *increased commitment to* environmentally sensitive areas, use of new powers to encourage diversification with grants to extend farm business as into other activities, including tourism and local crafts.

Local authorities would also be encouraged take a "positive attitude" towards applications for diversification.

"All the schemes will incorporate provisions for the protection and enhancement of the environment and we are to double our commitment to environmentally sensitive *areas," Mr Jopling said.*

The £25m a year scheme should be seen as the Government's commitment to agriculture and the rural economy, he said.

When Mr Jopling's proposals were announced in the House of Commons on Monday, they were condemned by Opposition MPs who said they represented the "greatest countryside change since the war' 'and claimed that 85 per cent of agricultural land could be handed over to developers.

EEC reform talks bogged down

BY TIM DICKSON IN BRUSSELS

EEC FARM Ministers yesterday *called an "emergency" meeting* in Brussels for February 23 in an effort to push through two urgent items of CAP reform.

Although quickly endorsing the Commission's ambitious plan to sell 1m tonnes of surplus butter over the next two years, member states got badly bogged down both in the detailed implementation of last December's 10 per cent milk quota cuts and in the Commission's so-called "socio-structural" proposals (basically pensioning off older farmers and encouraging others to produce less).

The problem for Mr Paul de Keersmaker, Belgian chairman of the EEC Farm Council, was partly one of time. With the European Commission due to resume its key deliberations on this year's farm price package yesterday afternoon the Agriculture Ministers had to cut *short their meeting so that Mr* Frans Andriessen, the EEC's Farm Commissioner, could take his important place in that forum. The Council meanwhile, had already set itself a February 28 deadline for both the items of unfinished business.

When the Ministers return to Brussels on February 23, however, there is no guarantee that the negotiations will prove any easier than they have over the past couple of days.

The major problem lies in European Commission plans put to Ministers for the first time this week to suspend "intervention" purchases of butter and skimmed milk powder when certain market conditions are met. Such an idea had been approved "in *principle" by the December* Council but at that stage the criteria had not been spelt out. When total butter stocks reach 200,000 tonnes the Commission wants the power to change the quality conditions and vary the guaranteed price paid by the EEC according to seasonal demand. More controversially, when stocks reach 300,000 tonnes and prices in member states or the Community as a whole exceed 90 per cent of the guaranteed EEC price, the Commission wants to suspend intervention and replace it temporarily with some sort of tender.

Mediterranean states such as Portugal, Italy, Spain and Greece, would be quite happy with this arrangement and indeed argue that similar steps can already be taken by the Commission in other product "regimes." The majority of Northern countries, however — notably West Germany, Denmark, and Ireland — are deeply unhappy, with Mr Austin Deasy, Ireland's Agriculture Minister, particularly adamant that the proposal is contrary "to both the letter and the spirit of the December agreement." These member states claim that the Commission powers could effectively cut butter prices immediately by 10 per cent and yet they say that the *quid pro quo* of agreeing quota cuts in December was the *maintenance* of prices at their present level.

The issue will be discussed by national farm experts at their next weekly meeting but most observers believe the Commission will be forced to modify its ideas if it is to win majority support in the Council. The entire milk section of the December package is likely to be held up until a compromise is found.

Another significant area of disagreement yesterday was the precise interpretation of how the new superlevy on milk overproduction will be applied to farmers.

More fundamentally, however, Ministers were again unable to endorse the Commission's socio structural plans — despite minor changes made overnight on *Monday* in response to member states' reservations. The plans essentially remain intact — a scheme to pay farmers of 55 and over who abandon their land for a minimum period; payments to farmers who reduce production by at least 20 per cent; and extra money for farmers operating in the more hostile regions of the Community (or so called less favoured areas).

France appears to be the most suspicious of the Commission's plans. Mr Francois Guillaume, *the French Farm Minister,* argues that based on his own country's experience of similar measures the Ecu 2.8bn which Brussels officials expect to pay out over 5 years could be an optimistic figure. French officials meanwhile, say that the strategy is confused and that it should not try to combine at the same time initiatives to bring supply back into line with damand and social payments to the disadvantaged.

China cuts metals imports

By Our Commodities Staff

CHINA LAST year greatly cut back imports of iron and steel and non-ferrous metals as the Government fought to control its foreign exchange bill.

Figures published yesterday by the official Peking economic newspaper showed that metal imports were reduced from the record levels of 1985.

Aluminium imports fell 44 per cent to 266,241 tonnes and copper imports dropped 52 per cent to 171,118 tonnes. Imports of iron and steel were down 8 per cent to 18.36m tonnes. However imports of iron ore, principally from Australia, rose 36 per cent to 13.7m tonnes.

Over the past year, Chinese officials have laid great emphasis on reducing the metal *industry's dependence on imports,* while acknowledging that it would take years before the country could develop its own resources to the point of self-sufficiency.

Imports have risen strongly since 1980, but have moved very *erratically from* one year to the next. One effect of the economic reforms fostered by Deng Xiao Ping, the paramount leader, has been to encourage more Chinese state agencies to compete for import and export business, reducing the level of central control over the total tonnages.

LME estimates clearing membership

By Stefan Wagstyl

THE London Metal Exchange expects to have about 40 clearing members when it introduces a clearing house trading system on May 29.

Speaking after a meeting of members called to discuss the proposed system yesterday, Mr Michael Brown, LME chief executive, said all 21 ring-dealing members would be obliged to become clearing members of the exchange. In addition, he expected the 17 commission broking houses which were currently LME members to join the clearing system, along with two companies from the metal trade.

The LME intends to sign a contract shortly with the International Commodities Clearing House which will design and operate the clearing system.

Exchange heads off pork belly crisis

BY DAVID OWEN IN CHICAGO

PORK BELLY prices on the Chicago Mercantile Exchange plummeted this week as angry traders scrambled to reduce their positions in line with sharply reduced limits imposed to avert a possible squeeze.

By mid-morning yesterday, pork bellies for February delivery were trading at 65.15 cents a lb—down 1.62 cents on the day and 3.10 cents below last Friday's close.

The fall came in the wake of the Exchange's decision, announced late on Friday, to slash the limit on traders' February pork belly holdings to 50 contracts from the 150 contract norm. Each contract covers delivery of 40,000 lbs of frozen pork bellies.

Traders have until the close of trading today to reduce their holdings in line with the new limit. On Friday, the limit will be further reduced to just 25 lots. The February contract is timed to expire on February 20.

The emergency measures adopted by the Exchange appear to have been prompted by the unusually tight supply of pork bellies available for the physical market. Futures contracts still outstanding at the CME late last week, if allowed to expire, would have called for delivery of approximately eight times available pork belly supply.

Though unpopular with traders, the CME's course of action was effectively endorsed by a Federal court judge on Monday when he denied a request for a preliminary injunction which would have prevented the exchange from imposing the new limits.

In a case brought by Mr Larry Larsen, an Omaha-based meat wholesaler with a large outstanding February pork belly position, Judge John Nordberg ruled that the Exchange had acted in good faith in its action.

The move, nonetheless, comes at a delicate time for the CME livestock complex, which has faced mounting criticism from cattle producers

Clouds lifting over the jute market

BY P. C. MAHANTI IN CALCUTTA

A SURVEY by the UN Food and Agricultural Organisation of the prospects of jute as a packaging material up to the end of this decade has concluded that despite the loss of markets to synthetics in the developed half of the world, the overall global demand for the commodity will continue to increase—though at a slower pace.

Total demand for jute could rise to more than 4m tonnes by 1990 from 3.6m tonnes at the beginning of the decade provided the prices and the quality are right, that is, competitive with synthetics. The growth *rate is expected to less than the* annual 2.51 per cent attained in the 1970s but even that would be quite satisfactory considering the severe competition from synthetics (polypropylene particularly) from bulk handling. Strong demand growth in the developing world will more than *offset the declines jute has* suffered in developed countries, FAO says.

Increases in agricultural production and productivity in developing countries have become the main source of demand for jute in its traditional packaging uses. India's *prosperous* farm sector, for example, now accounts for 30 per cent of global demand for jute and if the FAO projection that Indian jute goods production will rise to 1.8m tonnes by the end of the decade, from 1.18m tonnes in 1983, proves correct, the country's internal market could account for a larger proportion of the total world demand.

India is already consuming about 70 per cent *of its true production* internally and recent official measures have ensured that domestic synthetics do not take the market away from jute by unfair competition or a price war. So the future of the Indian jute industry now looks a lot more secure than it did a *few years ago.*

A less well known fact brought out by the FAO study is that Near East countries (Egypt, Iran, Iraq, Sudan, Syria, and Turkey together constitute a very strong and growing market for jute goods and these now account for a substantial *proportion of the global* demand. The demand in these countries arises mainly for packaging agricultural commodities. According to FAO projections based on agricultural growth rates in Near Eastern countries, the total offtake will rise from 232,300 tonnes in 1982 to 273,000 in 1990. The Near East market, says the FAO, is already equivalent in size to the entire market for jute in either Western Europe *or in Eastern* Europe and the USSR. The Near East's annual demand growth now exceeds 5 per cent.

The growing home market for jute in India (the world's largest producer), plus that in the Near East and other developing areas, will account for a *little more than 80 per cent of* the total world demand by 1990, the FAO study predicts. In the western world, the EEC and the US will be taking only 5 per cent and 4 per cent respectively of the world supplies, while the Soviet Union, already a major importer, will be taking only 6 per cent of the global supply. In absolute terms, the developed world's demand will fall to 880,000 tonnes by 1990 from 1m tonnes at the beginning of this decade, thereby continuing the declining trend in offtake which began in the late 1960s when synthetics strongly in*vaded jute's markets.*

The International Jute Organisation which came into existence in 1985, representing basically the producers, has initiated a promotional campaign through the Unctad/Gatt sponsored International Trade Centre to win back markets in developed countries. It is too soon to say how far the campaign is succeeding but experts say that it has already slowed *the rate of decline in jute goods* offtake in developed countries. Jute's uses as decorative fabrics in homes and its pollution free qualities have won new consumers.

These are encouraging pointers for the future of jute as a packaging material, and could ease the gloom that invasion of synthetics into jute's preserves in the developed world has spread about the commodity's prospects. But the FAO warns the producing countries not to feel too complacent. If the current trends of high costs, over-dependence on a few traditional products, and the inability for prompt delivery persist, all of which cause inconvenience and cost problems to consumers, synthetics may well become serious rivals to jute even in developing countries.

In India, high costs or prices of jute products at the beginning of this decade have caused the fast growth of a sizeable domestic synthetics industry which has taken away substantial parts of jute's markets in cement and fertiliser industries in the country. But for the Government's intervention on the side of jute, synthetics could have made further inroads into the fibre's preserves.

LONDON MARKETS

NEWS *THAT Brazilian-held* coffee in European warehouses was up for sale put the London robusta futures market under heavy pressure early on yesterday. But doubts were later cast on the significance of the decision and most of the falls were recovered.

The May position, which had dipped to an 18-month low of £1,499 a tonne at one time, ended the day only £1 down at £1,537 a tonne. The Brazilian Coffee Institute (IBC) is seeking offers for 530,000 tonnes of the 630,000 tonnes it bought last year on the London futures market in an unsuccessful effort to prop up sagging price. The other 100,000 tonnes has already been shipped to Brazil. The IBC is reported to have stressed to traders, however, that the coffee should be released in an orderly fashion in a minimum of six months from April. Although the news appeared bearish in the short term traders said it was not unexpected and might be regarded as "neutral" in the longer term.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	805-5	+3	809/808
3 months	812-3	+1.25	816/812

Official closing (am): Cash 808.5-9 (804-4.5): three months 814.5-5 (813.3-5); settlement 809 (804.5). Final Kerb Close: 812-13. Turnover: 17500 tonnes.

COPPER GRADE A

COPPER

Grade A	Unoffic'l close	+ or −	High/Low
Cash	890-0.5	−1.25	890/889.5
3 months	906.5-7	−2.75	910/905

Official closing (am): Cash 890-0.5 (894.5-5); three months 907.5-8 (912-2.5); settlement 890.5 (895). Final Kerb Close: 904.5.

STANDARD

Standard			
Cash	861-3	−3	866/865
3 months	884-6	−3.5	—

Official closing (am): Cash 885-5.5 (867-8); three months 886-8 (891-3); settlement 865.8 (868). US Producer prices 64/67 cents per pound. Total turnover: 19825 tonnes.

LEAD

LEAD

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	300-1	−8	304/300
3 months	301.5-2	−7	310/300

Official closing (am): Cash 303-3.5 (311-1.5); three months 303.5-4 (310-1); settlement 303.5 (311.5). Final Kerb Close: 300-01. Turnover: 10425 tonnes. US Spot: 24/27 cents per pound.

NICKEL

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	2363-5	−10.5	2370/2360
3 months	2403-5	−8.5	2410/2394

Official closing (am): Cash 2360-5 (2395-6); three months 2407-8 (2437-8); settlement 2365 (2396). Final Kerb *Close: 2405-10. Turnover: 954 tonnes.*

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	484-5	−10.5	490
3 months	478-8	−8	488/472

Official closing (am): Cash 490-0.5 (495-6); three months 483-4 (487-7.5); settlement 490.5 (496). Final Kerb Close: 472-3. Turnover: 22350 tonnes. US Prime Western: 38.5/44 cents per pound.

TIN

Kuala Lumpur Tin Market: Close 17.13 (17.06) *ringgit per kg.* Up 0.7 ringgit per kg.

GOLD

Gold fell $3¾ an ounce from Monday's close in the London bullion market yesterday to finish at $402-$402½. The metal opened at $404½-405 and traded between a high of $405-$405½ and a low of $401½-402. The weaker trend established earlier in the day was not reversed by the close of trading despite a sharp fall in the dollar's value.

GOLD BULLION (fine ounce) Feb. 10		
Close	$402-402¼	(£262¼-262¾)
Opening	$404½-405	(£265-265½)
M'n'g fix	$404.40	(£265.128)
Aft'n'n fix	$402.85	(£263.335)

GOLD AND PLATINUM COINS		
Am Eagle	$415-420	(£270¼-273½)
Mapleleaf	$412¼-416¾	(£268½-271½)
Kr'g'r'nd	$406-409	(£264½-266¼)
½ Krug	$204½-205½	(£133-133¾)
¼ Krug	$103½-104½	(£67¼-68)
Angel	$391-396	(£254¾-258)
1/10 Angel	$44½-47½	(£29-31)
New Sov	$96½-97½	(£62¾-63½)
Old Sov	$96½-98	(£62¾-63¾)
$ 20 Eagle	$480-530	(£312½-345¼)
Noble Plat	$541-549	(£352¼-357½)

SILVER

Cash high/low 363p; three months high/low 371p, final kerb 370-2p.

Silver was fixed 4.4p an ounce lower for spot delivery in the London bullion market yesterday at 362.3p. US cent equivalents of the fixing levels were: spot 553.95c, up 0.95c; three-month 562.3c, up 1.25c; six-month 570.95c, up 1.25c; and 12-month 588.2c, up 1.55c. The metal opened at 363½p-365p (555-557c) and closed at 360½-362p (553-555c).

SILVER per troy oz	Bullion Fixing Price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	362.30p	−4.40	362.5p	−4
3 months	371.75p	−4.35	370.5p	−5
6 months	381.05p	−4.55	—	—
12 months	399.70p	−4.75	—	—

LME—Turnover: 6 (4) lots of 10,000 oz.

SOYABEAN MEAL

Prices were on the defensive throughout the day on good commer*cial selling.* Good option hedge buying was supportive although prices closed weak, reports Muirpace.

	Y'sterd'ys close £ per tonne	+ or −	Business done
Feb	—	—	—
April	124.5-125.5	−0.75	—
June	116.5-117.5	−0.55	117.2-117.0
August	115.8-115.5	−0.80	114.2-113.4
October	114.5-115.5	−0.25	—
Dec	116.5-117.4	−0.30	—
Feb	118.5-119.5	−0.15	—

Sales: 339 (61) lots of 20 tonnes.

INDICES

REUTERS

Feb. 10	Feb. 9	M'th ago	Year ago
1618.8	1611.5	1594.0	1841.1

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Feb. 9	Feb. 6	M'th ago	Year ago
Spot	115.10	115.41	—	127.65
Fut	116.63	116.38	—	128.85

(Base: December 31 1931=100)

MAIN PRICE CHANGES

	Feb. 10 1987	+ or −	Month ago
METALS			
Aluminium			
Free Market	$1385/825	+5	$1245/265
Copper			
Cash Grade A	£890.25	−1.25	£910.5
3 mths	£906.75	−2.75	£933.25
Gold Troy oz	$402.25	+3.75	$409.25
Lead Cash	£300.5	−8	£300.5
3 mths	£301.75	−7	£296.65
Nickel			
Free Mkt	184/184c	−1	158/178c
Palladium oz	$123.25	+0.05	$125.75
Platinum oz	$525.50	+2	$526.00
Quicksilver†	$170/188	+5	$155/165
Silver troy oz	362.30p	−4.40	371.75p
3 mths	371.75p	−4.35	381.55p
Tin			
free Mkt	£4500/538	−10	£4530/630
Tungsten	$44.51		$41.44
Wolfram 22.5lb	$39/46		$35/45
Zinc	£494.5	−10.5	£500
3 mths	£478.75	−8	£498.75
producers	$770/790		$870
OILS			
Coconut (Phil)	$427.5y	−2.5	$410
Palm Malayan	$345v		$330
Copra (Phil)	$295		$280
Soyabean (U.S.)	$142	−2	$142
GRAINS			
Barley Fut. May	£117.10	+1	£112.40
Maize	£144.50	+1	£143.00
Wheat Fut. May	£118.80	+0.05	£115.40
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. May	£1372	−14.5	£1405.5
Coffee Ft. May	£1537	−1	£1587.5
Cotton A Ind.*	56.25c	+0.45	65.60c
Gas Oil Mar.	$149.5	−1	$163.75
Rubber (kilo)	67p	+0.25	66.75p
Sugar (raw)	$191.5y	+11.5	$156.5
Wooltops 64s	418p kilo		427p kilo

‡ Unquoted. † Per 75-lb flask. c Cents a pound. * Cotton outlook. x Jan-Feb y Feb-March. v April, z March-April.

COFFEE

The market *traded* nervously as houses tried to interpret the morning's IBC announcement *concerning* its robusta stocks in Europe. After an initial *wave of liquidation, price-fixing gradually firmed levels, reports Drexel* Burnham Lambert.

COFFEE	Yesterday close	+ or −	Business Done
Mar	1530-1535	+5.0	1540-1495
May	1536-1538	−1.0	1540-1499
July	1550-1560	−2.5	1562-1525
Sept	1582-1585	−2.5	1579-1555
Nov	1605-1612	−15.5	1609-1585
Jan	1627-1632	−23.0	1639-1615
Mar	1650-1670	−20.0	—

Sales: 4,246 (5,175) lots of 5 tonnes. ICO indicator prices (US cents per pound) for February 9: Comp. daily 1979 114.86 (117.56): 15-day average 118.08 (118.13).

COCOA

Opening a little easier, futures met *light trade and commission house selling coupled with dollar weakness during the afternoon, reports Gill and* Duffus.

COCOA	Yesterday's close £ per tonne	+ or −	Business done
March	1342-1343	−17.0	1355-1341
May	1371-1373	−14.5	1385-1368
July	1400-1401	−13.0	1413-1400
Sept	1424-1425	−14.0	1438-1425
Dec	1446-1447	−14.0	1461-1446
March	1475-1476	−9.5	1487-1477
May	1495-1496	−8.0	1501-1496

Sales: 2,870 (4,492) lots of 10 tonnes.

ICCO indicator prices (SDRs per tonne). Daily price for February 10: 1569.53 (1590.51); 10-day average for February 11: 1539.50 (1535.78).

GRAINS

Old crop wheat followed stronger fob and delivered markets to touch new contract highs on all positions while old crop barley, on renewed shipper buying, reached new highs on May. New crops struggled under continual country hedge selling to close at contract lows, reports T. G. Roddick.

	WHEAT		BARLEY	
Mnth	Yest'rdy's close	+ or −	Yest'rdy's close	+ or −
Mar	117.65	+0.25	115.75	+0.90
May	118.80	+0.05	117.10	+1.00
July	121.50	+0.05	—	—
Sep.	99.15	−0.75	98.85	−1.80
Nov.	101.30	−0.85	101.10	−1.00
Jan.	104.30	−0.85	103.90	−0.10
Mar.	106.70	−0.88	106.10	−0.10

Business done—Wheat: Mar 117.70-7.65, May 119.00-8.90, July 121.65-1.55, Sept 99.80-9.20, Nov 101.95-1.30, Jan 104.95-4.45, Mar 107.0-6.65. Sales: 749 lots of 100 tonnes. Barley: Mar 115.75-5.80, *May 116.70-6.35, Sept 99.00-8.25,* Nov 101.50, Jan and Mar untraded. Sales: 67 lots of 100 tonnes.

LONDON GRAINS—Wheat: US dark northern spring no 1 15 per cent Mar 105.00, April/May 102.00. US no 2 soft red winter Mar 107.75. French 11½-12 per cent Jan 142.50. English feed fob Feb 121.00, Mar 122.00 paid east coast, Mar 122.00/122.50, April/June 123.25/123.75 buyer/sellers. Maize: US no 3 *yellow/French transhipment east coast* first-half Feb 144.50. Barley: English feed fob Feb 117.00/117.75 buyer/sellers, Mar 119.00 value, April/June 121.00/122.00 buyer/sellers English, Feb 116.00/116.50, Mar 117.50/118.00 buyer/sellers, April 121.00 sellers Scottish.

HGCA—Locational ex-farm spot prices. Feed barley: S. East 113.60, S. West 110.90, W. Mids 111.90, N. *West 111.40. The UK monetary co-*efficient for the week beginning Monday February 16 (based on HGCA calculations using five days' exchange rates) is expected to change to 1.314.

POTATOES

With support developing around £150, basis April, and with recent bearish news absorbed and discounted, *shorts continued to cover. The market* recovered all except 50p of Monday's losses to close at the day's highs. The February position expired at noon with one tender due to be made, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Feb	92.00	103.00	—
Apr	153.50	150.90	155.60-152.00
May	179.30	176.80	178.60-177.50
Nov.	88.00	88.00	87.50
Feb.	97.50	97.50	—

Sales: 713 (1,500) lots of 40 tonnes.

RUBBER

PHYSICALS—The London market opened unchanged, attracted routine business throughout the day and *closed quiet, reports Lewis and Peat.* Closing prices (buyers): Spot 67.00p (66.75p): March 65.25p (65.00p): April 65.25p (65.00p). Kuala Lumpur fob prices (Malaysian cents a kilo): RSS No 1 232 (same) and SMR 208.5 (209).

FUTURES—Index 683, March 680-690, April 682-692, April/June 685-695, July/Sept 695-705. Sales: Nil.

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 92.11p per kg lw (−0.02). GB—Sheep 178.94p per kg est dcw (+4.68). GB—Pigs 74.40p per kg lw (+0.99).

FUTURES—Pigs: June 95.30, sales 2. *Live cattle: Feb 95.50, sales 1.*

GAS OIL FUTURES

Month	Yestrdy's close US $ per tonne	+ or −	Business Done
Feb	146.50	−1.50	148.50-46.50
Mar	149.50	−1.00	151.50-49.00
Apr	150.00	−0.75	151.25-49.50
May	147.50	−0.75	148.75-47.25
June	147.00	—	147.00-46.50
July	140.00	−5.60	—

Turnover: 5,908 (3,902) *lots of 100* tonnes.

OIL

In thin trade March Brent sold around $17.80 and April 10c lower. No interest was shown in February cargoes. March WTI opened 4c up on Nymex and traded 9c up at 1.30 pm *EST. In the petroleum products mar-*ket gasoline saw a continued stand off. Prompt gas oil and naphtha continued weak in oversupplied markets. Fuel oil was quiet—Petroleum Argus, London.

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)—Mar.		
Arab Light	—	—
Arab Heavy	—	—
Dubai	15.90-15.80	−0.085
Brent Blend	17.85-17.95	+0.05
W.T.I. (1pm est)	18.40-18.50	+0.125
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	171-175	—
Gas Oil	147-149	−0.5
Heavy fuel oil	83-85	—
Naphtha	156-158	−2

. Petroleum Argus estimates

HEAVY FUEL OIL

Month	Yesterday close US $ per tonne	+ or −	Business Done
Feb	86.50	−10.5	86.50-86.00
Mar	88.00	—	89.00-86.50
Apr	—	—	—

Turnover: 85 (132) lots of 100 tonnes.

SUGAR

Prices rallied $4 from overnight levels but back-tracked later as the New York market faltered at the highs, reports C. Czarnikow.

No. 6 Contract	Y'sterdy's close	Previous close	Business done
	$ per tonne		
Mar	175.0-175.8	173.4-173.6	177.8-172.0
May	178.2-178.8	177.6-177.8	181.8-175.6
Aug	180.8-181.0	179.2-181.0	183.8-181.0
Oct	181.4-181.8	181.4-182.0	184.4-180.0
Dec	185.8-186.0	184.8-186.4	—
Mar	187.0-187.4	187.0-189.0	188.8-187.8
May	*180.0-192.8*	*189.0-192.0*	—

Sales: 4,361 (3,311) lots of 50 tonnes.

LONDON DAILY PRICE—Raw sugar $191.00 (£123.50), up $11.50 (up £4.00) a tonne for February-March delivery. White sugar $203.00, up $7.50.

Tate and Lyle delivery price for granulated basis sugar was £229.00 (£224.50) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for February 9: Daily price 7.32 (7.24): 15-day average 7.24 (7.17).

PARIS—(FFr per tonne): Mar 1225/1231, May 1267/1270, Aug 1300/1305, Oct 1320/1335, Dec 1350/1365, Mar 1380/1400.

NO 16—6/6½

FREIGHT FUTURES

Initial strength was sold into as traders felt the rise was overdone. There was still no fresh news, reports Clerkson Wolff.

	Close	High/Low	Prev.
Dry Cargo			
April	770/771	785/770	780
July	662	670/662	666/668
Oct.	769/765	770/763	766
Jan.	760/780	—	778/800
Apr.	770/795	800	795/805
July	670/710	—	670
Oct.	790/820	—	780
Jan.	860/870	—	830
BFI.	858	—	865

Turnover: 90 (37).

US MARKETS

GOLD FUTURES, during a lacklustre day, were confined *to a narrow* range, reports Drexel Burnham Lambert. The market tended to drift with local-dominated trading, failing to threaten any major levels, especially the major support commencing $400, basis April. In silver the only notable feature was trade buying *in the March/May* switch, while in copper early commission house support gave way to local long liquidation. Crude oil futures also traded in a narrow range, bouncing from the lows as an attempt was made to touch off stops. Trade buying and local short-covering rallied prices. Early trade and commission house buying in sugar futures encountered price-fix selling which forced prices down to the lows of the day where renewed trade buying prompted short-covering. Lack of follow-through from Monday's rally in cocoa futures coupled with Brazilian price-fix selling depressed prices. Grain futures were generally featureless, only wheat managed any action, rallying on the day as commercial hedges were lifted following *sales to China. Live cattle* futures rallied on concerns over lack of supplies despite lacklustre physical business. Hogs fell on poor retail demand, while pork bellies fell as nearby February positions were liquidated reflecting the exchange's new position limits.

NEW YORK

ALUMINIUM 40,000 lb. cents/lb

	Close	Prev	High	Low
Feb	56.00	54.10	—	—
March	56.00	54.10	56.00	55.00
May	56.00	54.10	55.55	55.15
July	56.00	54.10	55.30	55.30
Sept	56.00	54.10	55.30	55.30
March	56.35	54.45	—	—
May	56.45	54.56	—	—

COCOA 10 tonnes, $/tonnes

	Close	Prev	High	Low
March	1856	1875	1882	1852
May	1896	1915	1923	1890
July	1928	1947	1950	1922
Sept	1955	1971	1976	1955
Dec	1993	1997	—	1977
March	2015	2028	2030	2028
May	2039	2052	—	—

COFFEE "C" 37,500 lb, cents/lb

	Close	Prev	High	Low
March	122.81	122.89	124.00	122.25
May	125.45	125.74	126.50	124.75
July	127.75	128.02	128.50	127.40
Sept	129.99	130.10	130.60	129.60
Dec	132.05	132.50	132.75	132.00
March	132.88	134.00	134.00	134.00
May	134.00	134.50	—	—

COPPER 25,000 lb, cents/lb

	Close	Prev	High	Low
Feb	61.05	60.90	—	—
March	61.20	61.10	61.60	61.05
May	61.70	61.65	62.10	61.55
July	62.15	62.10	62.55	62.10
Sept	62.60	62.55	62.95	62.70
March	63.80	63.90	64.20	64.15
May	64.15	64.10	—	—
July	64.50	64.40	64.70	64.70

COTTON 50,000 lb, cents/lb

	Close	Prev	High	Low
March	56.63	55.96	56.75	55.45
May	55.70	55.12	55.85	54.80
July	54.75	54.72	55.20	54.55
Oct	54.20	53.85	54.50	53.95
Dec	53.90	53.50	54.25	53.70
March	54.50	54.25	—	—
May	55.00	54.75	—	—

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	Prev	High	Low
March	18.42	18.34	18.47	18.30
April	18.32	18.27	18.38	18.22
May	18.22	18.18	18.28	18.14
June	18.02	18.03	17.90	17.90
July	17.90	17.51	17.95	17.88
August	17.88	17.86	17.90	17.82
Sept	17.88	17.90	17.90	17.82
Oct	17.95	17.95	17.95	17.95
Dec	18.07	18.05	18.09	18.09

GOLD 100 troy oz, $/troy oz

	Close	Prev	High	Low
Feb	403.0	403.9	404.5	402.0
March	404.1	405.1	—	—
April	406.2	407.2	407.8	404.7
June	410.3	411.2	411.4	408.8
August	414.3	415.1	412.8	412.8
Oct	418.0	418.7	418.0	418.0
Dec	421.8	422.4	423.0	420.0
Feb	425.8	—	—	—
June	434.1	434.4	—	—
Dec	447.7	447.7	—	—

HEATING OIL 42,000 US gallons, cents/US gallons

	Close	Prev	High	Low
March	49.55	49.23	49.80	48.70
April	49.30	49.02	49.60	48.65
May	48.75	48.51	49.00	48.20
June	48.10	48.00	48.40	47.80
July	48.05	48.00	48.05	47.80
Aug	48.70	48.50	—	—
Sept	49.00	49.25	—	—

ORANGE JUICE 15,000 lb, cents/lb

	Close	Prev	High	Low
March	123.50	123.40	124.45	123.05
May	124.60	124.95	125.40	124.30
July	125.80	126.00	126.45	125.70
Sept	126.25	126.40	126.55	126.25

PLATINUM 50 troy oz, $/troy oz

	Close	Prev	High	Low
Feb	523.7	528.3	—	—
April	526.2	530.3	532.0	526.0
July	529.4	533.4	536.0	529.0
Oct	533.1	536.9	537.0	537.0
April	541.6	545.4	—	—

SILVER 5,000 troy oz, cents/troy oz

	Close	Prev	High	Low
Feb	556.2	556.0	554.0	554.0
March	558.0	558.0	559.5	554.0
May	564.1	564.0	565.0	561.0
July	570.2	570.1	571.0	567.5
Sept	576.4	576.2	576.0	573.5
March	594.8	594.2	593.7	593.7
May	601.3	600.6	—	—
July	608.1	607.3	—	—

SUGAR WORLD "11" 112,00 lb, cents/lb

	Close	Prev	High	Low
March	7.88	7.72	7.98	7.66
May	8.05	7.93	8.13	7.88
July	8.14	8.01	8.20	7.97
Sept	8.12	8.00	8.15	8.15
Oct	8.17	8.09	8.27	8.04
March	8.40	8.40	8.55	8.40

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	Prev	High	Low
Feb	63.32	62.95	63.40	62.45
April	63.17	62.90	63.40	62.60
June	61.10	60.65	61.42	60.40
Aug	58.67	58.45	58.80	58.22
Oct	57.65	57.40	57.80	57.20
Dec	57.80	57.55	57.85	57.45
Feb	57.15	57.05	57.30	57.15

LIVE HOGS 30,00 lb, cents/lb

	Close	Prev	High	Low
Feb	49.87	50.60	50.55	49.75
April	44.20	45.00	45.05	44.10
June	46.42	47.05	47.05	46.30
July	46.40	47.07 2	46.95	46.30
August	43.72	44.00	44.30	43.70
Oct	39.80	40.15	40.20	39.75
April	38.30	38.35	38.45	38.30

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	Prev	High	Low
March	152.6	153.6	154.0	152.4
May	158.6	159.2	160.0	158.4
July	162.4	163.0	163.6	162.2
Sept	164.6	164.4	165.6	164.4
Dec	169.0	168.2	169.6	168.0
March	176.4	176.0	177.0	176.0
May	179.4	178.2	180.0	178.4

PORK BELLIES 38,000 lb, cents/lb

	Close	Prev	High	Low
Feb	64.87	6.77	66.20	64.80
March	63.02	65.02	65.25	63.02
May	62.90	64.75	64.80	62.75
July	62.02	62.65	63.15	61.70
August	59.82	61.00	60.95	59.80

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	Prev	High	Low
March	492.6	492.2	494.0	492.2
May	492.0	491.6	493.0	491.4
July	490.6	491.6	492.4	490.4
August	488.8	490.0	490.4	488.4
Sept	479.0	481.0	480.6	479.0
Nov	475.6	479.0	479.6	475.4
Jan	481.4	485.0	485.0	481.4
March	487.4	491.2	491.4	487.4
May	491.0	495.4	—	—

SOYABEAN MEAL 100 tons, $/ton

	Close	Prev	High	Low
March	492.6	492.2	494.0	492.2
May	492.0	491.6	493.0	491.4
July	490.6	491.6	492.4	490.4
August	488.6	490.0	490.4	488.4
Sept	479.0	481.0	480.6	479.0
Nov	475.6	479.0	479.6	475.4
Jan	481.4	485.0	485.0	481.4
March	487.4	491.2	491.4	487.4
May	491.0	495.4	—	—

SOYABEAN OIL 60,000 lb cents/lb

	Close	Prev	High	Low
March	15.82	15.95	15.97	15.81
May	16.16	16.28	16.30	16.15
July	16.43	16.58	16.58	16.43
Aug	16.1154	16.69	16.66	16.52
Sept	16.64	16.79	16.75	16.61
Oct	16.65	16.82	16.75	16.62
Dec	16.77	17.00	17.00	16.75
Jan	16.65	16.95	17.00	16.65

WHEAT 5,000 bu min, cents/60 lb-bushel

	Close	Prev	High	Low
March	282.2	285.0	286.4	282.0
May	269.4	272.4	273.6	269.4
July	254.2	256.6	257.2	254.0
Sept	254.0	256.0	256.0	253.2
Dec	259.6	262.0	262.0	259.0
March	282.2	285.0	286.4	282.0

SPOT PRICES—Chicago loose lard 14.00 (13.50) cents per pound. Handy and Harman silver bullion 555.0 (557.0) cents per troy ounce.

Spanish copper mine strike spreads

A STRIKE by workers at the Rio Tinto Minera copper mine has spread to other sectors in the Huelva region, with closures of shops and schools in some towns, Reuter reports.

RTM workers, striking in protest against the temporary layoff of part of the workforce, took their grievances to the regional Andalusian government in Seville.

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Baker comments hurt dollar

THE DOLLAR continued to lose ground in currency markets yesterday, following further comments by Mr James Baker, US Treasury Secretary. Market sentiment had been sufficiently shaken by Monday's comments to the extent that yesterday's speech to the US House of Representatives' ways and means committee which included a denial of any knowledge that a cut in the Japanese discount rate was imminent, pushed the dollar weaker. Describing the dollar's fall this year as orderly was seen as suggesting that it had some way to fall without affecting the US authorities' ability to fund its budget deficit. Dealers were also dismayed by the lack of common ground between the G-5 nations.

However, some traders suggested that Mr Baker's comments were merely an excuse to offload long dollar positions, built up during a euphoric but brief period following the release of a few better than expected economic indicators the week before last.

The dollar touched a high of DM1.8250 against the D-mark before slipping away to DM1.7920. It closed at DM1.7970, down from DM1.8170 on Monday and a fall this week of over 3 per cent. Its fall against the Japanese yen was more restrained with a closing rate of Y152.30 compared with Y231.50. Elsewhere it fell to SFr 1.5175 from SFr 1.5320 and FFr 5.9950 from FFr 6.0525.

On Bank of England figures, the dollar's exchange rate index fell from 104.1 to 103.1.

STERLING—Trading range against the dollar in 1986-87 is 1.5555 to 1.3700. January average 1.5071. Exchange rate index 68.6, unchanged from the opening and up from Monday's close of 68.5. The six months ago figure was 70.9

Sterling remained on the sidelines for much of the day and tended to move in line with the dollar. The latter's steadier trend during the morning allowed sterling a small overall gain but it soon fell back towards the close as the dollar lost ground. Background factors affecting sterling sentiment included the market's uncertainty about the timing and outcome of a general election and to some extent the performance of oil prices. The pound closed at $1.5355 up from $1.5190 but was unchanged against D-mark at DM2.76. Against the yen it rose to Y233.75 from Y231.50. Elsewhere it was higher at FFr 9.2050 from FFr 9.1925 and SFr 2.33 compared with SFr 2.3275.

D-MARK—trading range against the dollar in 1986-87 is 2.4710 to 1.7870. January average 1.8568. Exchange rate index 149.3 against 139.0 six months ago.

There was no intervention by the Bundesbank at yesterday's fixing in Frankfurt when the dollar was fixed at DM 1.8166 compared with DM 1.8630 on Monday.

Sentiment was influenced primarily by comments made by Mr James Baker which suggested that the dollar may have a greater downward potential than had been previously expected. It closed at DM 1.7980 down from DM 1.8285 on Monday.

JAPANESE YEN—Trading range against the dollar in 1986-87 is 202.70-151.30. January average 154.62. Exchange rate index 209.2 against 218.5 six months ago.

Comments by Mr James Baker, US Treasury Secretary, which pushed the dollar sharply weaker in New York on Monday, enabled bargain hunters to appear in early Tokyo trading. The dollar recovered to close at Y152.95 against Y152.15 in New York but down from Y154.45 in Tokyo on Monday. Trading was restricted to some extent because of the closure of Japanese markets today for a national holiday. In addition traders were a little cautious because of the uncertainty caused recently about whether a meeting of the G-5 nations would be called.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu February 10	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	42.7080	+0.59	+0.59	± 1.5344
Danish Krone	7.85212	7.78932	−0.80	−0.80	± 1.6404
German D-Mark	2.05853	2.06298	+0.22	+0.22	± 1.0981
French Franc	6.90403	6.87093	−0.48	−0.48	± 1.3674
Dutch Guilder	2.31943	2.32693	+0.32	+0.32	± 1.5012
Irish Punt	0.768411	0.774200	+0.75	+0.75	± 1.6684
Italian Lira	1483.58	1467.44	−1.09	−1.09	± 4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Feb 10	Latest	Previous Close
£ Spot	1.5335-1.5345	1.5270-1.5280
1 month	0.57-0.54 pm	0.56-0.55 pm
3 months	1.65-1.62 pm	1.64-1.61 pm
12 months	5.80-5.70 pm	5.80-5.70 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

		Feb. 10	Previous
8.30	am	68.6	68.8
9.00	am	68.6	68.8
10.00	am	68.6	68.8
11.00	am	68.7	69.0
Noon		68.7	68.9
1.00	pm	68.9	68.9
2.00	pm	68.9	68.8
3.00	pm	68.8	68.6
4.00	pm	68.6	68.5

CURRENCY RATES

Feb. 10	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.829315	0.742269
U.S. Dollar	5.5	1.26512	1.13382
Canadian $	8.20	*	1.51308
Austrian Sch.	4	16.1733	14.5038
Belgian Franc	8½	47.5432	42.7080
Danish Krone	7	8.68821	7.78932
Deutsche Mark	3.0	N/A	2.06298
Neth. Guilder	4½	2.59033	2.32693
French Franc	9½	N/A	6.87093
Italian Lira	12	1652.48(1)	1467.44
Japanese Yen	3.0	193.121	173.474
Norway Krone	8	8.83433	7.94068
Spanish Peseta	—	162.087	145.242
Swedish Krona	7½	N/A	7.36414
Swiss Franc	3.5	1.93918	1.73927
Greek Drach.	20½	N/A	151.364
Irish Punt	—	0.861412(1)	0.774200

*CS/SDR rate for Feb. 9; 1.66995 (1) SDR rate for Feb. 9.

CURRENCY MOVEMENTS

February 10	Bank of England Index	Morgan Guaranty Changes %
Sterling	68.6	−25.6
U.S. Dollar	103.1	−3.7
Canadian Dollar	78.0	−10.6
Austrian Schilling	140.1	+10.9
Belgian Franc	101.1	−3.3
Danish Krone	94.5	+5.1
Deutsche Mark	149.3	+23.0
Swiss Franc	172.3	+21.9
Guilder	136.3	+15.4
French Franc	72.7	−11.9
Lira	48.8	−15.9
Yen	209.2	+56.7

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

Feb. 10	£	$
Argentina	2.0495-2.0575	1.3410-1.3450
Australia	2.2920-2.2950	1.5005-1.5015
Brazil	26.0085-26.0600	17.0630-17.1480
Finland	6.9150-6.9500	4.5340-4.5360
Greece	200.75-204.45	131.70-133.95
Hong Kong	11.8410-11.8520	7.7850-7.7870
Iran	111.05*	73.15*
Korea (Sth)	1302.90-1314.65	853.30-860.30
Kuwait	0.42210-0.42270	0.27645-0.27665
Luxembourg	57.05-57.15	37.15-37.25
Malaysia	3.8700-3.8750	2.5460-2.5480
N. Zealand	2.7935-2.8010	1.8300-1.8335
Saudi Ar.	5.7270-5.7315	3.7500-3.7510
Singapore	3.2580-3.2630	2.1420-2.1440
S. Af. (Cm)	3.1590-3.1805	2.0725-2.0770
S. Af. (Fn)	6.2550-6.5215	4.0815-4.2555
Taiwan	53.40-53.70	34.95-35.05
U.A.E.	5.6080-5.6130	3.6725-3.6735

* Selling rate.

POUND SPOT—FORWARD AGAINST THE POUND

Feb. 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5185-1.5375	1.5350-1.5360	0.56-0.53 c pm	4.26	1.64-1.59 pm	4.21
Canada	2.0343-2.0472	2.0435-2.0445	0.61-0.53 c pm	3.35	1.62-1.48 pm	3.03
Neth'lands	3.10½-3.13¼	3.11-3.12	1½-1¼ c pm	5.30	4⅛-4 pm	5.38
Belgium	57.01-57.48	57.05-57.15	15-12 c pm	2.54	42-36 pm	2.73
Denmark	10.40½-10.51¼	10.43-10.44	¼ pm-⅛ ore dis	−0.07	½pm-⅛ dis	−0.02
Ireland	1.0340-1.0440	1.0360-1.0370	0.16-0.27 p dis	−2.49	0.51-0.79 dis	−2.51
W. Germany	2.75¼-2.77½	2.75½-2.76½	1⅝-1⅜ pf pm	6.52	4⅝-4½ pm	6.52
Portugal	213.65-215.61	214.70-215.60	73-227c dis	−8.37	268-421 dis	−6.41
Spain	194.97-195.75	195.10-195.60	16-47 c dis	−1.93	60-98 dis	1.62
Italy	1958½-1979½	1961½-1962½	2pm-1 lire dis	0.51	4-1 dis	0.51
Norway	10.62½-10.70½	10.66¼-10.67¼	2⅝-3¼ ore dis	−3.30	10¼-11⅛ dis	−4.01
France	9.16½-9.25	9.20-9.21	2-1⅞ c pm	2.20	5¼-4¼ pm	2.06
Sweden	9.88½-9.93	9.90¾-9.91¾	⅛-½ ore dis	−0.38	1¼pm-½ dis	−0.15
Japan	232¼-234¼	233¼-234¼	1⅜-1⅛ y pm	6.42	3⅞-3⅝ pm	6.42
Austria	19.36-19.53	19.37-19.40	9⅞-8⅞ gro pm	5.80	27⅞-25⅝ pm	5.52
Switzerland	2.32½-2.34¼	2.32½-2.33½	1½-1¼ c pm	7.08	4¼-4 pm	7.08

Belgian rate is for convertible francs. Financial franc 57.85-57.95. Six-month forward dollar 3.08-3.03 c pm. 12-month 5.60-5.50 c pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Feb. 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5185-1.5375	1.5350-1.5360	0.56-0.53c pm	4.26	1.64-1.59 pm	4.21
Ireland†	1.4595-1.4830	1.4800-1.4810	0.92-0.85c pm	7.27	2.79-2.64 pm	7.43
Canada	1.3328-1.3363	1.3350-1.3360	0.12-0.14c dis	−1.17	0.38-0.42 dis	−1.20
Netherlands	2.0220-2.0585	2.0280-2.0290	0.17-0.14c pm	0.91	0.59-0.54 pm	1.10
Belgium	37.15-37.76	37.15-37.25	4-6c dis	−1.59	12-15 dis	−1.44
Denmark	6.79¾-6.89¼	6.79¾-6.79¾	2.00-2.85ore dis	−4.24	6.55-7.45 dis	−4.08
W. Germany	1.7920-1.8250	1.7965-1.7975	0.33-0.30pf pm	2.08	1.04-0.99 pm	2.23
Portugal	139½-141¼	139½-140	100-200c dis	−12.79	330-430 dis	−10.80
Spain	126.95-128.75	127.15-127.25	60-70c dis	−6.08	190-205 dis	−6.16
Italy	1275-1297	1277¼-1278¼	3½-4½lire dis	−3.71	11½-13 dis	−3.79
Norway	6.94½-7.01	6.94½-6.95	4.15-4.85ore dis	−7.71	14.30-15.00dis	−8.36
France	5.96¾-6.07¼	5.99½-5.99¾	0.95-1.15c dis	−2.08	3.15-3.55 dis	−2.21
Sweden	6.44-6.51¼	6.45¾-6.45¾	2.20-2.70 ore dis	−4.53	6.60-7.20 dis	−4.25
Japan	152.25-153.35	152.25-152.35	0.26-0.23y pm	1.92	0.85-0.80 pm	2.16
Austria	12.60½-12.83½	12.64¼-12.65¼	1.60-1.20gro pm	1.31	4.75-3.75 pm	1.33
Switzerland	1.5120-1.5380	1.5170-1.5180	0.37-0.34c pm	2.78	1.09-1.04 pm	2.78

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 37.70-37.80.

EURO-CURRENCY INTEREST RATES

Feb. 10	Short term	7 Days' notice	One Month	Three Months	Six Months	One Year
Sterling	10⅞-11	10⅞⁄₁₆-11⅛	11-11⅛	10⅞⁄₁₆-11	10¹¹⁄₁₆-10⅞	10⅝-10¾
U.S. Dollar	6⅛-6¼	6¼-6⅜	6⅛-6⅞	6⅛-6⅞	6⅛-6⅞	6⅜-6½
Can. Dollar	6½-6¾	6⅞-7⅛	7⅛-7⅜	7⅛-7⅜	7⅜-7½	7⅛-7⅜
D. Guilder	5-5¼	5⅛-5⅜	5¼-5⅜	5⅛-5⅜	5⅛-5⅜	5⅛-5⅜
Sw. Franc	2⅛-2⅜	1⅜-1⅝	3⅛-3⅜	3⅛-3⅜	3⅜-3½	3⅜-3⅞
Deutschmark	4⅛-4¼	4⅛-4⅜	3⅞-4	3⅞-4⅛	3⅞-4⅛	4⅛-4⅜
Fr. Franc	8⅛-8¼	8¼-8⅜	8½-8⅝	8⅝-8⅞	8⅝-8⅞	8⅝-8⅞
Italian Lire	9½-10½	9½-10½	9⅞-10⅝	10-10½	10-10½	10-10½
B. Fr. (Fin.)	7¼-8	7¼-8	7⅜-8	7⅝-7⅞	7⅛-7⅞	7⅛-7⅞
B. Fr. (Con.)	7¼-8½	7¼-8½	7⅞-8⅜	7⅜-8¼	7½-8	7½-8
Yen	4¼-4⅜	4⅜-4⅜	4⅜-4⅞	4⅜-4¼	4⅜-4¼	4⅜-4⅛
D. Krone	11⅛-11⅝	11⅛-11⅝	11-11½	10⅞-11⅜	10⅞-11⅜	10½-11
Asian $ (Sing.)	1-1¼	N/A	3¼-3⅛	3⅜-3¼	3⅛-3⅞	3⅜-3¼

Long-term Eurodollars: Two years 6⅝-6⅞ per cent; three years 7-7¼ per cent; four years 7⅜-7⅝ per cent; five years 7½-7¾ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Feb. 10	£	$	DM	YEN	F Fr.	S Fr.	H FL	Lira	C $	B Fr.
£	1.	1.536	2.760	233.6	9.205	2.330	3.115	1962.	2.044	57.10
$	0.651	1.	1.797	152.3	5.995	1.518	2.029	1278.	1.331	37.20
DM	0.362	0.556	1.	84.69	3.335	0.844	1.129	710.9	0.741	20.69
YEN	4.278	6.569	11.81	1000.	39.38	9.968	13.33	8394.	8.744	244.3
F Fr.	1.086	1.668	2.998	253.9	10.	2.531	3.384	2131.	2.221	62.03
S Fr.	0.429	0.659	1.185	100.3	3.951	1.	1.337	842.1	0.877	24.51
H FL	0.321	0.493	0.886	74.04	2.955	0.748	1.	629.9	0.656	18.33
Lira	0.510	0.783	1.407	119.1	4.692	1.188	1.588	1000.	1.042	29.30
C $	0.489	0.751	1.350	114.4	4.503	1.140	1.524	959.9	1.	27.94
B Fr.	1.751	2.689	4.834	409.4	16.12	4.081	5.455	3436.	3.580	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

FINANCIAL FUTURES

Fears of Fed tightening

TRADING WAS hectic after normal hours on the London International Financial Futures Exchange yesterday. March delivery three-month Eurodollar deposit futures fell to 93.45 in Chicago after the US Federal Reserve failed to inject liquidity into the New York banking system. The market had expected the Fed to add up to $2bn in temporary reserves, through customer repurchase agreements, and the lack of intervention led to fears of tighter credit policy. The Federal Open Market Committee began its regular two-day meeting yesterday amid suggestions that concern about rekindling inflation could result in tighter policy if the dollar continues to fall.

In testimony before Congress Mr James Baker, US Treasury Secretary, added to the market's fears with his comments about the dollar, intereset rates and the world economy.

As the dollar weakened, Eurodollar deposits also lost ground. On Liffe the March contract closed at 93.52, after touching a low of 93.51, compared with the previous settlement of 93.59. Volume was active, totalling over 9,000 contracts.

US Treasury bond futures were less active, and kept within a relatively narrow range. March delivery opened at 99-06, and touched an early peak of 99-09, before falling to 98-14 on Mr Baker's speech, and closing at 98-17, compared with 99-19 on Monday. Traders said bond futures were less influenced by a possible rise in US interest rates, which might turn out to be only a short, sharp shock.

Sterling denominated interest rate contracts also weakened, as the pound showed nervousness in late trading, but dealers said there was no fear of a rise in UK interest rates near a possible general election. March long-term gilts closed at 115-19, just above the day's low of 115-18, and down from 116-07 at the previous close.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Mar.	Calls—Last June	Puts—Last Mar.	Puts—Last June
106	9.38	9.61	0.00	0.09
108	7.40	8.05	0.02	0.17
110	5.39	6.22	0.01	0.34
112	3.40	4.50	0.02	0.62
114	1.50	3.30	0.12	1.42
116	0.35	2.27	0.61	2.39
118	0.08	1.38	2.34	3.50
120	0.02	0.63	4.28	5.11

Estimated volume total, Calls 1,809 Puts 882
Previous day's open int, Calls 18,204 Puts 11,103

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Mar.	Calls—Last June	Puts—Last Mar.	Puts—Last June
90	8.34	7.56	0.00	0.14
92	6.34	6.08	0.00	0.30
94	4.34	4.35	0.00	0.57
96	2.41	3.14	0.07	1.36
98	1.03	2.10	0.33	2.32
100	0.14	1.17	1.44	3.39
102	0.03	0.51	3.33	5.09
104	0.00	0.29	5.30	6.51

Estimated volume total, Calls 109 Puts 51
Previous day's open int, Calls 1,140 Puts 623

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls—Last Feb	Calls—Last Mar	Puts—Last Feb	Puts—Last Mar
17250	18.60	18.67	0.00	0.07
17500	16.10	16.25	0.00	0.15
17750	13.60	13.90	0.00	0.30
18000	11.11	11.64	0.01	0.54
18250	8.65	9.54	0.05	0.94
18500	6.28	7.40	0.18	1.30
18750	4.15	5.89	0.55	2.29
19000	2.49	4.38	1.39	3.28

Estimated volume total, Calls 6, Puts 110
Previous day's open int, Calls 326 Puts 312

LIFFE £/$ OPTIONS

£25,000 (cents per £1)

[illegible]

LONDON SE £/$ OPTIONS

£12,500 (cents per £1)

[illegible]

PHILADELPHIA SE £/$ OPTIONS

£12,500 (cents per £1)

[illegible]

LIFFE—EURODOLLAR OPTIONS

$1m points of 100%

[illegible]

LONDON

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

[illegible]

10% NOTIONAL SHORT GILT
£100,000 64ths of 100%

[illegible]

THREE-MONTH STERLING
£500,000 points of 100%

[illegible]

FT-SE 100 INDEX
£25 per full index point

[illegible]

THREE-MONTH EURODOLLAR
$1m points of 100%

[illegible]

U.S. TREASURY BONDS 8%
$100,000 32nds of 100%

[illegible]

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

[illegible]

IMM—STERLING Se per £

[illegible]

LIFFE—STERLING £25,000 $ per £

[illegible]

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

[illegible]

U.S. TREASURY BILLS (IMM)
$1m points of 100%

[illegible]

JAPANESE YEN (IMM)
Y12.5m $ per Y100

[illegible]

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

[illegible]

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

[illegible]

SWISS FRANC (IMM)

SFr125,000 $ per SFr

	Latest	High	Low	Prev.
Mar.	0.6608	0.6627	0.6531	0.6575
June	0.6656	0.6676	0.6577	0.6621
Sept.	0.6715	0.6715	0.6620	0.6660

STANDARD & POORS 500 INDEX

$500 times index

	Latest	High	Low	Prev.
Mar.	277.15	279.50	276.90	279.45
June	278.55	281.00	278.40	281.05
Sept.	279.60	282.50	279.60	282.25
Dec.	281.00	283.70	280.28	283.55

EUROPEAN OPTIONS EXCHANGE

[illegible]

Series		Vol.	Last	Vol.	Last	Vol.	Last	Stock
HEINEKEN P	Fl.150	132	4.40	37	5.70	3	7.50	
HOOGOVENS C	Fl.60	—	—	59	0.30	—	—	Fl.33.30
HOOGOVENS P	Fl.35	113	2.80	97	4.10	—	—	"
KLM C	Fl.40	351	1.70	60	3	157	4	Fl.39
KLM P	Fl.40	420	2.40	40	3.70	—	—	"
NAT. NED C	Fl.70	7	4.80	—	—	50	6.30	Fl.71.50
NAT. NED. P	Fl.70	104	2	3	3.30	10	4	"
PHILIPS C	Fl.50	1254	0.60	63	1.50	70	2.40	Fl.45
PHILIPS P	Fl.45	203	2.40	83	3.10B	23	3.70B	"
ROYAL DUTCH C	Fl.220	666	3.30	113	5.50	44	6.60	Fl.216.20
ROYAL DUTCH P	Fl.210	709	1.90	169	6.50	17	9.50	"
ROBECO P	Fl.95	10	2.20A	—	—	—	—	Fl.97.20
UNILEVER C	Fl.520	119	6.30	16	13.30B	22	22.50	Fl.494.50
UNILEVER P	Fl.460	166	3	15	7	—	—	"

TOTAL VOLUME IN CONTRACTS: For 10/2/87 23,036

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	11	● Charterhouse Bank	11	● Morgan Grenfell	11
Adam & Company	11	Citibank NA	11	Mount Credit Corp. Ltd.	11
Allied Arab Bk Ltd	11	Citibank Savings	¶12.45	Nat Bk. of Kuwait	11
Allied Dunbar & Co	11	City Merchants Bank	11	National Girobank	11
Allied Irish Bank	11	Clydesdale Bank	11	Nat Westminster	11
American Exp. Bk	11	Comm. Bk. N. East	11	Northern Bank Ltd.	11
Amro Bank	11	Consolidated Cred.	11	Norwich Gen. Trust	11
Henry Ansbacher	11	Co-operative Bank	*11	PK Finans. Intl (UK)	11½
ANZ Banking Group	11	Cyprus Popular Bk	11	Provincial Trust Ltd	12
Associates Cap Corp	11	Duncan Lawrie	11	R. Raphael & Sons	11
Authority & Co Ltd	11½	E. T. Trust	12	Roxburghe G'rantee	11½
Banco de Bilbao	11	Equator'l Tst C'p plc	11	Royal Bk of Scotland	11
Bank Hapoalim	11	Exeter Trust Ltd.	11½	Royal Trust Bank	11
Bank Leumi (UK)	11	Financial & Gen. Sec.	11	Standard Chartered	11
Bank Credit & Comm	11	First Nat. Fin. Corp.	11½	Trustee Savings Bank	11
Bank of Cyprus	11	First Nat. Sec. Ltd	11½	UDT Mortgage Exp.	¶12.25
Bank of Ireland	11	● Robert Fleming & Co	11	United Bk of Kuwait	11
Bank of India	11	Robert Fraser & Ptrs	12	United Mizrahi Bank	11
Bank of Scotland	11	Grindlays Bank	‡11	Westpac B'nking Corp	11
Banque Belge Ltd	11	● Guinness Mahon	11	Whiteaway Laidlaw	11½
Barclays Bank	11	HFC Trust & Savings	11	Yorkshire Bank	11
Benchmark Tst Ltd	11	● Hambro Bank	11		
Beneficial Trust Ltd	12	Heritable & Gen. Tst.	11		
Berliner Bank AG	11	● Hill Samuel	§11		
Brit. Bk. of Mid. East	11	C. Hoare & Co	11		
● Brown Shipley	11	Hongkong & Shangh'	11		
CL Bank Nederland	11	Lloyds Bank	11		
Canada Permanent	11	Mase Westpac Ltd.	11		
Cayzer Ltd	11	Meghraj & Sons Ltd	11		
Cedar Holdings	12	Midland Bank	11		

● Members of the Accepting Houses Committee. * 7-day deposits 6.69%. 1-month 7.03%. Top Tier—£2,500+ at 3 months' notice 10.03%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 6¾% gross. ¶ Mortgage base rate. § Demand deposit 6.69%. Mortgage 12¼%.

MONEY MARKETS

Little change

INTEREST RATES were little changed on the London money market yesterday, but trading became nervous in the afternoon as the weaker dollar dragged sterling back against the D-mark. Three-month interbank was generally unchanged at 11-10⅞ per cent, but was offered at 10⅞⁄₁₆ per cent in places, while some longer term bill rates showed a firmer trend.

The Bank of England initially forecast a money market shortage of £250m, but revised this to £350m in the afternoon, and gave total assistance of £176m.

Before lunch the authorities bought £116m bills outright, by way of £2m Treasury bills in band 2 at 10⅞⁄₁₆ per cent; £6m bank bills in band 2 at 10⅞⁄₁₆ per cent; £70m bank bills in band 3 at 10¾ per cent; and £38m bank bills in band 4 at 10¹¹⁄₁₆ per cent.

UK clearing bank base lending rate 11 per cent since October 15

In the afternoon the Bank of England bought another £30m bills outright, through £19m bank bills in band 2 at 10⅞⁄₁₆ per cent; and £11m bank bills in band 3 at 10¾ per cent.

Late assistance of around £30m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £595m, with bank balances below target absorbing £20m. These outweighed Exchequer transactions adding £320m to liquidity and a fall in the note circulation of £35m.

The average mid-market rate for one-week money applicable to temporary facilities rolled over by the authorities was 11 per cent.

In Frankfurt the West German Bundesbank injected more liquidity than expected at yesterday's tender for a 28-day securities repurchase agreement. The central bank accepted bids of DM8.5bn at the tender, at a fixed rate of 3.80 per cent. The market expected a maximum of DM6bn to be allocated. Banks bid for a total of DM23.7bn. Call money remained firm at 4.15-4.30 per cent, compared with 4.00-4.15 per cent on Monday. Rates have been firm since the end of last week, as banks have struggled to keep up with a rise in minimum reserve ratios, coupled with a cut in rediscount quotas. Banks holdings at the Bundesbank averaged only DM46.8bn over the first eight days of February, compared with a likely requirement for the month of DM50bn to DM51bn. The shortage of liquidity was increased by last week's payment of DM3.2bn for a Federal Government loan stock.

In Brussels the Belgian National Bank cut its one-month Treasury certificates rate to 7.75 per cent from 8 per cent. Two-month and three-month certificates were left at 7.75 per cent. A spokesman for the central bank described the move as merely technical.

FT LONDON INTERBANK FIXING

(11.00 a.m. Feb. 10) 3 months U.S. dollars / 6 months U.S. dollars

[illegible]

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate / Broker loan rate / Fed. funds / Fed. funds at intervention — Treasury Bills and Bonds

[illegible]

Feb. 10	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	[illegible]					
Paris	[illegible]					
Zurich	[illegible]					
Amsterdam	[illegible]					
Tokyo	[illegible]					
Milan	[illegible]					
Brussels	[illegible]					
Dublin	[illegible]					

LONDON MONEY RATES

Feb. 10	Overnight	7 days notice	Month	Three Months	Six Months	One Year
Interbank	[illegible]					
Sterling CDs	[illegible]					
Local Authority Deposits	[illegible]					
Local Authority Bonds	[illegible]					
Discount Mkt. Deposits	[illegible]					
Company Deposits	[illegible]					
Finance House Deposits	[illegible]					
Treasury Bills (Buy)	[illegible]					
Bank Bills (Buy)	[illegible]					
Fine Trade Bills (Buy)	[illegible]					
Dollar CDs	[illegible]					
SDR Linked Deposits	[illegible]					
ECU Linked Deposits	[illegible]					

Treasury Bills (sell): one-month 10⅞⁄₁₆ per cent; three-months 10½ per cent; Bank Bills (sell): one-month 10⅞⁄₁₆ per cent; three months 10⅞⁄₁₆ per cent; Treasury Bills: Average tender rate of discount 10.3654 p.c. ECGD Fixed Finance Scheme IV reference date January 1 to 30 (inclusive): 11.098 per cent. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11½ per cent from February 1, 1987. Bank Deposit Rates for sums at seven days' notice 4.35-4.375 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 10 per cent; one-three months 10⅝ per cent; three-six months 10⅝ per cent; six-nine months 10⅝ per cent; nine-12 months 10⅝ per cent; Under £100,000 10 per cent from February 11. Deposits held under Series 5 10¼ per cent. Deposits withdrawn for cash 5½ per cent.

LONDON SHARE SERVICE

BRITISH FUNDS

1986/87 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101⅛	97½	Exch 10½pc 1987	99⅞	....	10.51	10.84
100½	93⅝	Funding 6½pc 85-87	99 15/32	+1/32	6.55	9.69
101¼	96 11/16	Treas 10pc 1987	99¼	---	10.03	10.64
98 1/16	90⅞	Treas 3pc 1987	98⅛	....	3.06	7.55
104½	99⅛	Treas. 12pc 1987	101⅛	....	11.87	10.30
99¼	92 11/16	Treas 7¾pc 1985-88‡‡	98½	+1/16	7.88	9.53
104	96¼	Exch 10½pc '88	100¼	−1/16	10.47	10.26
102⅝	95⅛	Treas 9¾pc Cv '88	99 3/16	−1/16	9.82	10.31
94⅛	86⅝	Transport 3pc '78-88	94 3/16	−1/16	3.18	7.34
102½	93 13/16	Treas. 9½pc '88	98 15/16	−1/16	9.63	10.37
107 3/16	98 3/16	Treas 11½pc 1989	102 3/16xd	−⅛	11.25	10.27
103½	93¼	Treas 9½pc Cnv 1989	98½	−1/16	9.65	10.36
92⅛	82 5/16	Treas 3pc 1989	90 11/16	+1/16	3.31	7.56
105 3/16	95 1/16	Treas 10½pc 1989	100½	−1/32	10.45	10.25
104 3/16	94⅛	Exch. 10pc 1989	99½	−3/32	10.05	10.25
107 3/16	97	Exch 11pc 1989	101 9/16	−1/16	10.83	10.29
93 3/16	84½	Treas 5pc 1986-89	91 7/16	....	5.47	8.63
110 3/16	94⅝	Exch 10¼pcCv '89	101⅛	−⅛	10.08	9.53
114 3/16	103 3/16	Treas 13pc 1990‡‡	107	−1/32	12.15	10.15
108⅛	97¼	Exch 11pc 1990‡‡	102 1/16xd	−3/32	10.77	10.15
113⅛	101 13/16	Exch. 12½pc 1990	105 17/32	−3/32	11.80	10.21
89¼	79⅝	Treas. 3pc 1990	86 1/16	−1/16	3.47	7.81
100 3/16	89⅛	Treas 8¼pc 1987-90‡‡	96⅛	...	8.58	9.60
106 1/16	93	Treas. 10pcCv 1990	99⅞	−3/32	10.07	10.20
86 1/16	76½	Exch 2½pc 1990	83¼	−1/16	2.99	7.60
112 3/16	99 1/16	Treas 11¾pc 1991	104⅞	−1/32	11.21	10.20
94¼	83 1/16	Funding 5¾pc '87-91‡‡	89 1/16	−1/16	6.51	9.18
86⅛	79 1/16	Treas. 3pc 1991	82⅛	−1/16	3.64	7.93
102 9/32	95 3/32	Treas 10pc Cv '91	101 1/32	−1/16	9.89	9.68
110⅝	96 1/16	Exch. 11pc 1991	103 3/32	−1/32	10.67	10.15
118¼	103⅝	Treas 12¾pc 1992‡‡	110¼	−¼	10.59	10.10
		Five to Fifteen Years				
107⅝	92 3/16	Treas 10pc 1992	99¾xd	−1/16	10.02	10.05
109¼	94 3/16	Treas 10½pc Cv 1992‡‡	101⅝	−1/16	10.33	10.08
117¼	101 3/16	Exch. 12¼pc '92	109¼xd	−¼	11.27	10.15
123¼	106⅞	Exch 13½pc 1992	113 13/16	−1/16	11.89	10.25
108	93 3/16	Treas 10pc 1993‡‡	99 3/16	−1/16	10.06	10.11
120⅞	103½	Treas 12½pc 1993‡‡	110 13/16	−1/16	11.28	10.15

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

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FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

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BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

1986/87 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
102	70	♣Metsec 10p	84		L7.4b	2.6	4.1	13.0
78½	45	Mitchell Cotts	58½	−½	1.5	2.1	3.6	15.1
128	81	♣Monks & Crane 10p	122		L2.7	2.9	3.1	14.9
323	210	Morgan Crucible	314	−1	†8.5	1.5	3.8	20.9
23½	15½	♣Morris (W) F.A. 20p	20		—	—	—	—
177	65	Myson Grp 10p	176		†2.63	2.6	2.1	22.7
365	213	♣NMW Computers	275	+5	†6.0	3.0	3.1	15.8
158	27	Nash Inds	153	+2	1.5	2.6	1.4	38.8
*27½	12½	Neil & Spencer 10p	19	+½	—	—	—	—
39½	28	Newman Inds 10p	38½	−1	†0.8	1.5	2.9	(29.4)
134	65	Noble & Lund 10p	94	+8	0.7	4.3	1.0	30.9
158	152	Nobo Group 10p	154		R4.75	2.8	4.3	11.7
65	39	Nolton	49	−1	1.2	2.9	3.4	14.0
152	96	♣Norank Systems 5p	143	−2	m1.5	—	1.5	18.3
286	187	Norcros	269	−4	†9.3	2.3	4.9	12.3
262	49	Nu-Swift 5p	262	+3	†3.5	2.1	1.9	35.2
£356½	£228	OCE 9pc Cnv 1987-92	£262½	−20	Q9%	—	13.5	—
131	80	Oakwood Grp	131	+10	4.0	♦	4.3	♦
250	173	Office & Elect	188	−2	8.5	2.9	6.4	7.7
34	26	♣Omnitech 1p	32		—	—	—	—
36	18	♣Optometrics $0.01	21	+3	—	—	—	—
890	500	Oriflame £1	803		†28.5	2.1	5.0	15.6
10	5	Ovenstone 12½c	9		Q03.23c	1.9	11.1	4.7
142	85	♣PCT Grp 10p	135		d3.2	—	4.9	—
£220½	£131¼	PLM 'B' Sk 25	£217¼	−¼	Q23.2%	0.3	3.4	—
255	160	♣Pacer Systems $0.01	165		L$03.94c	4.3	1.6	14.5
198	97	Pacific Dunlop $0.5	198		HQ11.36c	2.1	2.4	19.9
78	44	♣Pacific Sales 10p	56	+4	3.0	1.4	7.5	13.3
528	246	Parker Knoll 'A'	470	−2	12.0	3.2	3.6	12.3
226	83	♣Parkfield Group 2p	221	−2	†3.6	4.2	2.3	14.3
53	17	♣Pavion Intl	32		—	—	—	8.5

INSURANCES

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

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TRUSTS, FINANCE, LAND

Investment Trusts

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FINANCE, LAND—Cont.

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Teas

MINES

Central Rand

Eastern Rand

Far West Rand

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

404	200	Northgate C$1	374	−16	—	—	—	
790	513	RTZ	767	−17	22.0	2.4	4.0	
£164	£115	Do. 9½pcLn '95-2000	£156¼	−2	Q9½%	15.5	6.1	

THIRD MARKET

1986/87 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
232	180	Abelscot Group 10p	224	−2	3.2	—	2.0	—
50	10	Aberdeen Am Pet 10p	34	.....				
120	113	Allied Ins. Brokers	118	.....	L3.5	2.5	4.2	13.7
54	36	Catalyst Comm. 5p	49	.....	—	—	—	—
62	50	Corton Beach 10p	53	−3	—	—	—	26.4
63	10	Eglinton Oil Ir.5p	57	−4	—	—	—	—
41	8	Do. Warrants	35	−4	—	—	—	—
55	47	Theme Holdings	50	−1	—	—	—	
133	118	Unit Group	119	.....	R4.6	2.5	5.4	(8.5)

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- $ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −
Albany Inv 20p	70	.....
Craig & Rose £1	£14¾	.....
Finlay Pkg. 5p	58	.....
Holt (Jos) 25p	855	.....
IoM Stm. £1	78	.....
IRISH		
Fund 11¾% 1988	£97½	.....
Nat. 9¾% 84/89	£93	.....
Fin. 13% 97/02	£99½	−⅛
Arnotts	340	−5
CPI Hldgs	60	.....
Carroll Inds	138	−20
Dublin Gas	18	.....
Hall (R. & H.)	108	+3
Heiton Hldgs	28	.....
Irish Ropes	165	.....
Unidare	360	.....

LONDON STOCK EXCHANGE

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Jan 26	Feb 5	Feb 6	Feb 16
Feb 9	Feb 19	Feb 20	Mar 2
Feb 23	Mar 5	Mar 6	Mar 16

* New time dealings may take place from 9.00 am two business days earlier.

Profit-taking in equities gathers pace and Gilts turn easier in late trading

The UK securities markets were unsettled towards the close of business yesterday by the downturn in New York's bond and equity sectors as the dollar came under pressure. Profit-taking losses in London's equities were sharply extended, bringing the day's fall in the FT-SE 100 index to more than 35 points. Gilt-edged securities, although only lightly traded, shied away from an early setback in US Federal bond futures.

Share prices opened sharply lower, with marketmakers quite happy at first to escape from the buying pressure, and pick up cheap stock to balance Friday's sell contracts. But genuine investment buying was thin, and the market fell heavily when Wall Street opened with an early loss of 33 Dow points.

By the close, the FT-SE 100 index had given back 35.8 points of its recent gain to stand at 1874.9 and the FT ordinary index was 23.6 down at 1493.00.

However, traders remained confident that the equity shakeout represents no more than the expected technical reaction. "A fall of 50 to 100 FT-SE points would'nt worry anyone," commented one dealer.

But the withdrawal of US buyers brought heavy losses in Imperial Chemical Industries, Glaxo, and Saatchi & Saatchi, and other transatlantic favourites. A gloomy Middle Eastern situation, together with oil price uncertainty, brought hefty losses in oil shares.

The banking and insurance issues which featured so strongly in last week's surge were hit hard by the profit-takers. Sun Alliance and Prudential suffered double-digit losses. There was also heavy trading in some UK engineering and electrical issues, although price falls were not large..

However, the stock market is braced cheerfully for the commencement of dealings today (Wednesday) in the British Airways issue, which traded in the grey market at 100p-105p against the issue price of 65p partly-paid. Interest in the Airways issue runs high, with Smith New Court, one of the largest marketmakers ready to take a "big position" in the shares.

Government bonds looked a shade easier for most of the session, before the weaker trend in Chicago bond futures pushed long-dated UK Gilts down by about a net ¾ of a point.

Analysts cited worries over the US currency in the wake of comments this week from Mr James Baker, US Treasury Secretary. The bond market closed nervously ahead of the bids, due today (Wednesday) for the new Government tap stock, which will mean a call on the market for about £200m as first instalment on the partly-paid issue.

Clearing banks took a breather after their recent strong run ahead of the forthcoming dividend season. Sporadic bouts of profit-taking prompted a dull trend which left NatWest 11p easier at 619p; the latter is the first of the clearers to reval preliminary results on February 24. **Barclays** lost 14p at 556p and **Midland** relinquished 5p at 627p. **Lloyds** softened 3p at 490p. **TSB** recorded a sympathetic fall of 2p at 82p. Elsewhere, **Standard Chartered**, Currently under investigation by the Bank of England at its own request, lost 7p at 747p. Merchant banks featured a fresh fall of 18 to 566p in **Kleinwort Benson** as bid hopes faded, while **Hill Samuel** were again friendless at 435p, down 5p. **Morgan Grenfell** cheapened a few pence at 410p.

Lloyds Broker **Devey Warren** provided an outstanding firm feature in an otherwise dull Insurance sector, soaring 89 to 168p in response to Monday's late revelation that Bell Group International, the media and property group, is to take a 42 per cent stake in the company. Elsewhere, Composites were particularly vulnerable to profit-taking after their recent good rise. Double-figure falls were commonplace at the close with **Sun Alliance** closing 21 lower at 719p and **GRE** 22 down at 858p. **Royals** dropped 19 to 939p and **General Accident** relinquished 17 at 909p. **Commercial Union** softened 9 to 321p.

Only minor damage was inflicted on the Brewery sector. Marketmakers reported a much smaller trade in all stocks with the exception of **Guinness**. Awaiting the outcome of the meeting in Edinburgh to discuss a new chief executive, nearly 3m shares of Guinness changed hands and the close was 4 easier at 292p. **Allied-Lyons** gave back 9 at 350p and Whitbread "A" were 8 cheaper at 304p.

Recently popular Building issues succumbed to the almost inevitable bout of profit-taking. **Redland**, dragged lower by cautious Press comment, fell 23 to 476p, while **RMC** dipped 34 to 752p. **Blue Circle** gave up 9 at 681p, but **Rugby Portland Cement**, sustained to a certain extent by favourable newspaper mention, were only 3 off at 209p. Timber issues came back quite sharply, **Meyer International** falling 7 to 332p and **Magnet and Southerns** 12 to 272p. Elsewhere **Nottingham Brick** softened 2 to 383p as the chairman urged shareholders to accept the Marley offer. **Baggeridge Brick**, however, rose 5 to 640p following the AGM statement. **Wiggins** lost 6 to 154p on the £3.3m rights issue proposal, but **Polypipe** gained 19 to 208p ahead of the interim results due on February 19. **Bryant Holdings**, which recently fought off a takeover bid from English China Clays, attracted a flurry of speculative buying and gained 6 to 167p.

ICI suffered along with other international stocks, and closed ¼ lower at £13⅜.

A dull Stores sector depressed by profit-taking featured a decline of 19 to 300p in **Storehouse** following a profits downgrading by brokers James Capel. **Burton**, a nervous market of late following a Press suggestion that the DTI have started a tentative investigation into share dealings during the company's takeover of Debenhams, lost 9 further at 257p **Woolworths** gave up 15 at 743p and **Dixons** relinquished 13 at 336p. **Marks and Spencer** cheapened 4 at 207p. Elsewhere **W. H. Smith** reacted 12 to 306pfollowing details of the £50m Eurobond issue. **Wickes**, however, continued firmly at 245p, up 5.

Cable & Wireless down

Cable and Wireless fell 13 to 368p reflecting doubts about the group's entry into the Japanese telecommunications industry. Elsewhere in Electricals, **Amstrad** ran into further nervous selling ahead of today's interim results and the close was 5 lower at 147p, while **Polytechnic Electronics** dipped 20 to 140p following the disappointing interim results. **Sarasota Technology**, on the other hand, leapt 19 to 103p on news of the bid approach and **Chloride** reflected a combination of recovery and takeover hopes with an improvement of 4 at 66p. **Oxford Instrument** put on 15 at 410p and **Volex** firmed 7 at 270p.

Leading Engineers were relatively unscathed, losses being limited to a few pence. **A. Cohen** moved up 10 to 662p in a restricted market, while demand continued for **VSEL** which improved 3 further to 296p. The rally in **Hallite** soon lost momentum and the shares reacted to close 8 cheaper at 222p.

Losses in the Food sctor were relatively modest. **Cadbury Schweppes** were a penny off at 226p and **Rowntree** gave up 13 at 455p. **Tate and Lyle** lost 10 at 668p. Recent speculative favourite **Fitch Lovell** came back 13 to 285p, but **Avana**, currently in receipt of an unwelcome offer from **Ranks Hovis McDougall**,edged up 2 to 672p pending further developments. **RHM** settled 7 off at 302p.

The Hotel sector provided one of the day's outstanding firm features in **London Park Hotels** which soared 54 to 603p amid growing speculation about the imminent deal, or an outright bid for the company. **Friendly Hotels** were also firm and rose 9 to 205p.

Glaxo weaken

International stocks proved vulnerable in the face of early weakness on Wall Street, with **Glaxo** reacting ⅜ to £12$\frac{13}{32}$. **Reuters**, a particularly good market of late awaiting today's preliminary statement, ran into selling and reacted 12½ to 621½p. **Beecham** fell 8 to 498p and **Boots** were a similar amount lower at 275p. **Hanson Trust**, however, showed resistance, closing only a shade cheaper at 154p following a volume of 9.7m shares. **BOC** met with profit-taking following first quarter profits below some late optimistic estimates and the shares closed 13 lower at 446p. Elsewhere in the miscellaneous industrial sector, **Reckitt and Colman** reacted 22 to 978p, but **Pentland Industries** gained further ground on fresh buying stimulated by news of the acquisition of a 51 per cent interest in Tilepak America which left the shares 22 higher at 590p. **Smiths Industries** also attracted demand at 339p, up 10, but **Chamberlain and Phipps** fell 10 to 128p on the announcement that Wardle Storeys is reviewing its bid approach following the substantial rise in the CP share price. **Avon Rubber**, reflecting the encouraging tenor of the chairman's statement at the annual meeting, rose 14 to 470p. Other bright spots included **Silentnight**, up 11 at 86p, and **Oakwood**, 10 to the good at 131p. **Noble and Lund** rose 8 to 94p on the £3.7m contract for the construction of two computer controlled machining centres.

Dealings in **Adam Leisure** resumed following the reorganisation and the price moved ahead from an opening level of 19p to touch 24p before the close of 23½p. Elsewhere in the Leisure sector, **Brent Walker** continued to reflect a newsletter recommendation and rose 12 more to 324p, a two-day gain of 43.

Hopes of further Government assistance underpinned **Rover**, up 1 more at 49p, and also stimulated interest in selected Motor Components and Distributors. **Lucas Industries** continued in favour, gaining 6 to 594p, while recently-subdued **Dowty** picked up 3 at 257p. **Lookers** bounced 12 to 245p as takeover speculation increased following Charterhall's sale of its near-15 per cent stake, while **Glanfield Lawrence** moved up 10 to 96p, also on bid rumours.

Advertising Agencies encountered profit-taking and **Saatchi and Saatchi** slipped back 16 to 832p while **WCRS** gave up 23 at 622p; the latter announced a fresh acquisition yesterday. Paper/Printing, too, eased with **BPCC** ending 8 lower at 288p. In contrast, **Ault and Wiborg** rose 7 to 108p as hopes of a minority bid from Sun Chemical revived, while **Clondalkin** gained 40 to 525p. **Olives Paper Mill** put on 3 to 64p reflecting Melton Medes' increased stake of 18.33 per cent.

Favourable comment and interest rate optimism gave an initial boost to the Property leaders, but the majority surrendered early gains as the tone deteriorate. **Hammerson A**, however, retained a gain of 5 at 460p and **Peachey** closed 2 dearer at 311p. Elsewhere, estate agents **Hanover Druce** continued to draw strength from newsletter comment and rose 12 more to 265p, while **Brookmount** advanced 27 to 410p in a restricted market. **Phoenix Property** were a penny off at 135p following the annual results and details of a share placing to finance property acquisitions worth some £9m.

Recently-favoured Textiles turned back on profit-taking which soon forced marketmakers to take avoiding action. **Courtaulds** led the retreat and closed 10 lower at 388p, while **Tomkinsons** were marked down 25 to 330p and **Dura Mill** gave up 7 at 98p. **Tootal** also backtracked, losing 3½ to 132p but renewed support lifted **Illingworth Morris** 9 further to 130p.

An irregular performance by Investment Trusts left **Scottish Investment** 11 down at 415p and **Scottish Mortgage** 8 lower at 613p but **Energy Resources & Services** 10 up at 430p, the last-named following its defence against the Govett Strategic offer. **Edinburgh Financial** were also firm at 57p, up 4, along with **Pacific Assets**, which improved 4 to 126p. Financials were often a shade chaper with the exception of **Aitken Hume**, better at 142p after news of the increased Rawda Investments stake, now 20.24 per cent.

Oils retreat

The recently-buoyant oil sector was a major casualty in the steep market decline. A leading marketmaker attributed the hefty falls in the sector to the trend on Wall Street and said selling pressure was by no means substantial. **BP** weakened afresh late in the session and eventually closed a net 29 off at 792p. **Shell** retreated $\frac{5}{16}$ to £11 and **Britoil**, where more than 8m shares changed hands, dropped 13 to 188p. **LASMO** dipped 11 to 188p and **Ultramar** a like amount to 174p. **IC Gas** provided a rare firm spot in the sector, and rose to 629p prior to closing a net 11 to the good at 619p with US buyers said to be chasing the shares ahead of Friday's interim results when it is expected details of the restructuring of the company will be announced.

The EEC plan to introduce a substantial levy on imported edible oils and fats unsettled **Harrisons and Crosfield**. Nervous selling brought a loss of 12 to 486p in H and C and more modest falls in other Overseas Traders. Against the trend, **Lonrho** furthered their recovery in a lively trade. Mounting speculation that the group had bought Falconbridge's 49 per cent stake in Western Platinum, the sale of which was announced on Monday, lifted Lonrho 6 more to 262p; the UK group already holds a 50.4 per cent shareholding in the South African platinum producer.

Currency movements proved the overriding factor in South African sectors of mining markets which were much quieter than of late. A further strengthening of the financial rand in the wake of the R1bn tax cuts announced in the South African mini-budget on Monday tended to reduce the amount of South African support for the heavyweight Golds.

However, a weak dollar and subsequent US buying of Golds, reflecting American concern over the possibility of a renewed bout of weakness in the US currency, enabled Golds to hold fully steady in dollar terms. Sterling quotations were marginally easier and the Gold Mines index slipped 0.7 to 318.5.

Bullion failed to respond to the marked decline in the dollar and gave ground throughout the session to close $3.75 lower at $402.25.

Australian mines moved broadly lower following the easier trend in overnight domestic markets and the decline in metal prices. **Peko-Wallsend** were especially vulnerable and dipped 11 to 254p. Among a handful of firm spots **Renison** were outstanding and advanced a further 11 to a year's best of 489p following a recent buy recommendation from Kleinwort Grieveson. **North Kalgurli** dipped a penny to 46p despite the almost doubled half-year profits while the A$18.3m rights issue unsettled **Endeavour Resources**, 1½ off at 19p.

Traded Options

Quieter conditions in the Traded Options market saw 42,386 deals done, comprising 34,042 calls and 8,344 puts. **British Telecom** calls were popular with 4,545 struck—1,979 in the August 220s, while **Hanson Trust** also continued to attract a sizeable call option business. Here, nearly 3,000 were done with 1,264 deals transacted in the March 150s and 1,041 in the March 165s. Today sees the introduction of **British Airways** and trading will be extended until 5 pm for the first day.

Traditional Options

- **First dealings** Feb 2 Feb 16 Mar 2
- **Last dealings** Feb 13 Feb 27 Mar 13
- **Last declaration** May 7 May 28 June 11
- **For Settlement** May 18 June 8 June 22

For rate indications see end of Unit Trust Service

Stocks to attract money for the call included **WA Holdings, Brake Bros, Burton, Brent Walker, Rivlin, BSR, Adam Leisure, Abaco, BOC, Sears, Benchmark, Amstrad, Sangers, Burndene, Elswick, MY Holdings, Powerline, Premier Consolidated, American Business Systems** and **Hughes Food**. Puts were arranged in **Wellcome, Amstrad, Tricentrol** and **Abaco**, while double options were transacted in **Amstrad, Conroy Petroleum** and **Eglinton**.

FINANCIAL TIMES STOCK INDICES

	Feb. 10	Feb. 9	Feb. 6	Feb. 5	Feb. 4	Year ago	1986/87 High	1986/87 Low	Since Compilation High	Since Compilation Low
Government Secs	86.00	86.12	86.24	85.80	85.61	82.15	94.51 (18/4/86)	80.39 (20/1/86)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	92.81	92.80	92.81	92.51	92.34	87.40	97.68 (7/7/86)	86.55 (23/1/86)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,493.0	1,516.6	1,508.9	1,486.2	1,472.8	1,191.4	1,516.6 (9/2/87)	1,094.3 (14/1/86)	1,516.6 (9/2/87)	49.4 (26/6/40)
Gold Mines	318.5	319.2	319.3	311.9	311.5	326.7	357.8 (22/9/86)	185.7 (18/7/86)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.81	3.74	3.76	3.79	3.83	4.35				
Earnings Yld.%(full)	8.95	8.80	8.81	8.90	8.98	10.60				
P/E Ratio (net) (*)	13.68	13.92	13.90	13.76	13.64	11.74				
SEAQ Bargains (5 pm)	46,321	53,746	55,063	38,400	37,696	—				
Equity Turnover (£m)	—	2,217.36	1,830.82	1,390.66	1,368.19	620.12				
Equity Bargains	—	62,046	61,549	48,518	46,024	28,503				
Shares Traded (ml)	—	—	694.1	586.5	512.2	285.5				

S.E. ACTIVITY

Indices	Feb. 10	Feb. 6
Gilt Edged Bargains	133.9	142.3
Equity Bargains	402.0	398.8
Equity Value	4481.9	3700.6
5-Day Average		
Gilt Edged Bargains	135.7	133.8
Equity Bargains	346.0	331.3
Equity Value	3265.0	2986.8

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
—	1508.8	1506.6	1505.0	1506.5	1507.1	1505.2	1505.2

Day's High 1511.2. Day's Low 1492.2

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=13.18.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

NEW HIGHS AND LOWS FOR 1986-87

NEW HIGHS (103)

LOANS (3), AMERICANS (1), CANADIANS (1), BANKS (1), BUILDINGS (9), CHEMICALS (3), STORES (6), ELECTRICALS (6), ENGINEERING (7), FOODS (4), HOTELS (1), INDUSTRIALS (13), INSURANCE (1), LEISURE (5), MOTORS (1), NEWSPAPERS (1), PAPER (4), PROPERTY (9), SHOES (1), SOUTH AFRICANS (1), TRUSTS (16), OILS (2), MINES (7).

NEW LOWS (4)

STORES (1) World of Leather, INDUSTRIALS (2) Hille Ergonom, Hollis 252pc Ln, MINES (1) Musto Exploration.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 6 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	4,900	148	−2	Ladbroke	443	429	−4
Allied Lyons	3,300	350	−9	Land Securities	1,400	354	—
Amstrad	7,100	147	−5	Legal & Gen.	2,100	300	−8
Assoc. Brit. Foods	1,200	332	−2	Lloyds Bank	2,100	490	−3
BAT	1,800	502	−8	Lonrho	7,300	262	+6
BET	467	501	−2	Marks & Spncr	4,800	207	−4
BOC	4,500	446	−13	Midland Bank	1,600	627	−5
BPB Inds	508	623	−15	NatWest Bank	3,300	619	−11
BTR	1,900	304	−6	Pearson	211	560	−5
Barclays	2,100	556	−14	P & O	561	591	−6
Bass	462	837	−7	Pilkington Bros	1,300	696	−17
Beecham	2,600	498	−8	Plessey	3,100	211	−2
Blue Circle	1,100	681	−9	Prudential	502	909	−13
Boots	5,400	275	−9	Racal	4,500	227	−5
Brit. Aero	3,100	617	+1	Rank Org	750	637	−1
Brit. Gas	29,000	69	−2½	RHM	2,000	302	−7
Britoil	8,300	188	−13	Reckitt & Col	333	975	−25
BP	4,300	792	−29	Redland	4,500	476	−23
Brit. Telecom	9,700	238	−1	Reed Intl.	2,200	403	+3
Burton	4,800	257	−9	Reuters	998	620	−14
Cable & Wire	7,800	368	−13	RTZ	1,000	767	−17
Cadbury Schwps	5,600	226	−1	Rowntree Mac	584	455	−13
Coats Viyella	1,400	577	−6	Royal Insurance	1,000	939	−19
Comm. Union	4,600	321	−9	STC	2,900	212	−1
Cons. Gold	851	762	+1	Saatchi & Saatchi	929	832	−16
Cookson	592	538	−5	Sainsbury	1,900	458	−2
Courtaulds	1,200	388	−10	Scott & Newcastle	2,000	211	−3
Dee Corp	2,800	238	−4	Sears	6,700	128	−5
Dixons Grp	3,500	336	−13	Sedgwick	1,000	308	−7
Fisons	1,600	593	−1	Shell Trans	4,300	£11	−0$\frac{5}{16}$
Gen. Accident	786	909	−17	Smith & Nephew	2,800	143	−1½
Gen. Elect	13,000	214	−3	Standard Chart	279	747	−7
Glaxo	3,100	£12$\frac{13}{32}$	−0⅜	Storehouse	9,200	300	−19
Granada	1,700	318	−7	Sun Alliance	845	719	−21
Grand Met	2,800	492	−11	TSB	4,400	78½	−2
Gus "A"	800	£12¼	−0$\frac{5}{16}$	Tarmac	1,400	504	−4
Guardian R.E.	651	858	−22	Tesco	1,000	443	−7
GKN	3,000	322½	−3½	Thorn EMI	1,550	555	−3
Guinness	3,300	292	−4	Trafalgar House	4,600	329	−2
Hanson Trust	9,700	154	−2	T'house Forte	1,700	207	−4
Hawker Sidd	719	538	−5	Unilever	215	£23$\frac{7}{16}$	−0⅛
Hillsdown Hlgs	2,500	243	−2	United Biscuits	2,400	276	−10
ICI	2,400	£13⅜	−0¼	Wellcome	1,700	295	−5
Imp. Cont. Gas	2,400	619	+11	Whitbread 'A'	2,800	304	−8
Jaguar	1,200	593	−8	Woolworth	1,100	743	−15

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	17	77	19
Corporations, Dominion and Foreign Bonds	29	19	21
Industrials	331	675	530
Financial and Properties	119	247	221
Oils	22	50	39
Plantations	3	1	10
Mines	38	69	75
Others	27	119	42
Totals	586	1,257	957

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tue Feb 10 1987 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Mon Feb 9 Index No.	Fri Feb 6 Index No.	Thur Feb 5 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (209)	799.05	−1.1	7.90	3.30	16.03	0.98	807.75	798.14	785.72	627.43
2	Building Materials (27)	973.32	−2.1	8.04	3.35	15.62	0.56	993.87	974.37	968.25	676.81
3	Contracting, Construction (28)	1355.67	−1.6	7.10	3.46	19.38	0.90	1377.37	1364.23	1355.97	984.85
4	Electricals (12)	1967.91	+0.3	7.66	3.99	16.76	0.44	1962.31	1966.53	1950.59	1762.42
5	Electronics (38)	1791.69	−1.1	8.02	2.30	16.53	5.85	1812.14	1810.92	1745.83	1522.39
6	Mechanical Engineering (61)	453.07	—	8.87	3.67	14.39	0.58	453.00	447.34	444.76	342.59
8	Metals and Metal Forming (7)	420.64	−0.7	8.69	3.53	13.98	0.00	423.80	419.21	409.70	275.01
9	Motors (15)	315.72	−0.5	8.71	3.32	13.24	0.00	317.21	317.25	313.94	253.92
10	Other Industrial Materials (21)	1350.76	−1.2	6.61	4.05	18.07	0.17	1367.47	1330.00	1313.15	1150.57
21	CONSUMER GROUP (186)	1072.56	−1.8	6.85	2.95	18.76	1.69	1092.15	1088.88	1070.49	806.98
22	Brewers and Distillers (22)	1013.13	−1.7	8.40	3.42	14.95	0.00	1030.57	1019.64	1005.75	820.82
25	Food Manufacturing (25)	819.62	−1.6	8.15	3.43	16.14	1.30	832.68	834.10	817.20	586.18
26	Food Retailing (16)	2020.94	−1.1	6.65	2.69	20.88	9.56	2044.29	2039.79	1981.11	1736.88
27	Health and Household Products (10)	1956.93	−2.1	4.86	1.94	23.88	0.02	1998.33	2012.16	2009.31	1335.63
29	Leisure (31)	1107.60	−1.3	6.78	3.75	19.35	7.39	1121.90	1123.66	1108.62	817.33
31	Packaging & Paper (14)	577.03	−0.7	6.15	2.90	21.11	0.38	581.07	578.05	572.15	409.59
32	Publishing & Printing (14)	3393.04	−0.7	5.99	3.36	21.48	3.41	3418.63	3383.62	3333.05	2044.24
34	Stores (37)	920.23	−2.7	6.97	2.94	19.50	1.24	946.17	942.26	914.90	771.34
35	Textiles (17)	658.54	−1.5	8.00	3.08	14.39	0.00	668.40	647.00	640.75	447.19
40	OTHER GROUPS (87)	926.16	−1.2	8.24	3.56	15.10	0.89	937.16	933.47	921.13	742.87
41	Agencies (17)	1264.35	−1.7	4.53	1.72	30.04	0.45	1285.90	1270.03	1244.23	0.0
42	Chemicals (21)	1221.76	−1.7	7.27	3.45	16.76	2.85	1242.90	1241.43	1249.51	822.59
43	Conglomerates (13)	1204.06	−0.9	7.16	3.63	16.56	0.15	1215.58	1190.35	1166.98	0.0
45	Shipping and Transport (10)	1786.96	−0.7	5.90	4.18	21.40	0.00	1799.62	1779.38	1764.72	1461.82
47	Telephone Networks (2)	943.79	−1.1	9.91	4.08	13.76	1.09	953.85	960.70	941.66	881.51
48	Miscellaneous (24)	1237.60	−0.9	9.88	3.40	11.40	0.40	1248.55	1243.29	1219.15	910.44
49	INDUSTRIAL GROUP (482)	974.66	−1.4	7.50	3.21	16.91	1.29	988.93	983.50	968.20	752.53
51	Oil & Gas (18)	1637.50	−2.9	10.36	5.54	12.20	0.00	1686.91	1690.11	1661.40	1109.20
59	500 SHARE INDEX (500)	1030.53	−1.7	7.90	3.53	16.04	1.17	1047.88	1043.23	1026.78	783.90
61	FINANCIAL GROUP (117)	668.55	−1.3	—	4.21	—	0.52	677.21	666.52	654.80	543.10
62	Banks (8)	741.39	−1.5	17.15	4.96	8.00	0.69	752.55	741.59	719.94	537.37
65	Insurance (Life) (9)	970.54	−1.7	—	4.00	—	0.00	987.24	955.75	930.08	821.74
66	Insurance (Composite) (7)	514.50	−2.3	—	4.22	—	0.00	526.48	515.59	509.09	443.25
67	Insurance (Brokers) (9)	1181.22	−1.6	8.16	4.48	15.95	1.31	1200.90	1192.87	1186.91	1315.27
68	Merchant Banks (11)	361.15	−1.3	—	3.19	—	0.02	365.96	366.74	369.41	313.31
69	Property (47)	851.62	+0.2	5.61	3.45	23.22	0.42	849.81	839.09	832.37	694.89
70	Other Financial (26)	411.87	−0.5	7.75	3.71	16.48	1.46	414.11	410.48	405.92	301.52
71	Investment Trusts (96)	928.45	−1.2	—	2.48	—	0.99	939.71	933.29	926.54	669.13
81	Mining Finance (2)	379.44	−1.3	8.23	4.23	14.28	0.00	384.40	381.01	375.70	266.96
91	Overseas Traders (12)	841.91	−0.2	9.58	5.32	12.68	0.00	844.00	837.34	832.22	630.06
99	ALL-SHARE INDEX (727)	932.39	−1.6	—	3.61	—	0.98	947.20	941.18	926.51	714.06

	Index No.	Day's Change	Day's High	Day's Low	Feb 9	Feb 6	Feb 5	Feb 4	Feb 3	Year ago
FT-SE 100 SHARE INDEX ♦	1874.9	−35.8	1902.1	1874.3	1910.7	1898.4	1866.1	1846.7	1828.6	1470.0

FIXED INTEREST

	PRICE INDICES	Tue Feb 10	Day's change %	Mon Feb 9	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	121.60	−0.09	121.71	—	0.65
2	5-15 years	135.93	−0.19	136.43	0.24	1.72
3	Over 15 years	143.16	−0.38	143.70	—	0.94
4	Irredeemables	156.11	−0.32	156.62	—	0.00
5	All stocks	133.46	−0.19	133.84	0.12	1.30
	Index-Linked					
6	5 years	118.17	−0.11	118.31	—	0.00
7	Over 5 years	115.71	−0.09	115.81	—	0.54
8	All stocks	116.08	−0.09	116.18	—	0.45
9	Debentures & Loans	118.99	−0.08	119.08	—	0.32
10	Preference	84.00	+0.40	83.67	—	0.31

	AVERAGE GROSS REDEMPTION YIELDS		Tue Feb 10	Mon Feb 9	Year ago (approx.)
	British Government				
1	Low	5 years	9.10	9.07	9.82
2	Coupons	15 years	9.75	9.71	10.27
3		25 years	9.76	9.72	10.28
4	Medium	5 years	10.19	10.13	11.41
5	Coupons	15 years	10.01	9.97	10.72
6		25 years	9.90	9.85	10.62
7	High	5 years	10.17	10.13	11.55
8	Coupons	15 years	10.13	10.09	10.96
9		25 years	9.92	9.87	10.50
10	Irredeemables		9.78	9.67	10.10
	Index-Linked				
11	Inflat'n rate 5%	5 yrs	3.14	3.05	4.75
12	Inflat'n rate 5%	Over 5 yrs	3.64	3.65	3.86
13	Inflat'n rate 10%	5 yrs	1.60	1.52	3.77
14	Inflat'n rate 10%	Over 5 yrs	3.49	3.50	3.71
15	Debs & Loans	5 years	10.69	10.67	11.97
16		15 years	10.80	10.80	11.69
17		25 years	10.80	10.80	11.47
18	Preference		11.18	11.23	12.15

♦Opening index 1894.3; 10 am 1899.7; 11 am 1895.2; Noon 1891.0; 1 pm 1894.1; 2 pm 1894.1; 3 pm 1892.2; 3.30 pm 1893.9; 4 pm 1890.3.

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 28p.

LONDON TRADED OPTIONS

Option		Calls Apr.	Calls Jly.	Calls Oct.	Puts Apr.	Puts July	Puts Oct.
Allied Lyons (*355)	280	85	90	—	1	1	—
	300	65	70	80	2	2	6
	330	38	48	60	4	13	15
	360	17	30	42	15	23	28
B.P. (*803)	650	158	170	—	1½	3	—
	700	108	120	—	2	10	—
	750	60	80	100	11	23	30
	800	30	52	72	43	48	60
British Gas (*71)	50	22	24½	—	0½	0½	—
	60	12½	16	19½	0½	1	1½
	70	4¼	8¼	12	3¼	4½	5
Cons. Gold (*763)	650	127	142	—	4	17	—
	700	90	104	122	14	28	35
	750	50	70	92	30	52	67
	800	33	47	62	57	77	92
Courtaulds (*392)	330	72	81	98	1	6	9
	360	49	56	76	4	8	14
	390	29	40	60	15	20	24
	420	15	24	40	33	36	40
Com. Union (*325)	260	68	73	—	1	3	—
	280	48	54	61	3½	7	9
	300	31	38	45	8	14	17
	330	13	21	29	22	24	29
Cable & Wire (*373)	300	77	85	—	1½	2	—
	325	55	—	—	2	—	—
	330	—	60	73	—	5	8
	350	33	—	—	7	—	—
	360	—	40	53	—	19	25
	390	16	23	37	30	37	45
G.E.C. (*217)	180	43	50	56	1	3	5
	200	24	33	40	4	8	11
	220	10	19	27	10	15	20
Grand Met. (*502)	390	115	—	—	1	—	—
	420	85	100	110	1½	6	10
	460	48	68	80	5	12	17
	500	20	45	55	20	28	32
I.C.I. (*1349)	1250	115	137	167	15	30	37
	1300	77	107	137	32	44	57
	1350	55	840	112	60	70	80
	1400	35	65	94	87	100	110
Land Securities (*357)	300	62	68	76	1	2	3
	330	35	43	49	3	7	11
	360	16	24	30	12	16	23
Marks & Spen. (*208)	180	2	37	45	1	4	6
	200	16	22	29	7	9	12
	220	8	12	17	17	19	22
Shell Trans. (*1108)	950	172	182	—	1	4	—
	1000	122	137	162	3	9	20
	1050	82	105	128	10	20	33
	1100	48	73	95	30	38	53
	1150	25	43	65	67	75	85
Trafalgar House (*336)	260	83	91	99	1	2	5
	280	63	71	79	2	6	10
	300	43	53	64	4	11	15
	330	22	30	41	13	18	26
TSB (*80)	70	11	15	17	1	2½	3
	80	5	7½	10½	4½	5½	6½
	90	1	3	—	11½	12½	—
	100	0½	—	—	21	—	—
Woolworth (*753)	650	120	130	145	4	7	12
	700	80	95	110	12	20	25
	750	47	60	73	30	45	50

Option		Calls Mar	Calls June	Calls Oct	Puts Mar	Puts June	Puts Oct
Bass (*845)	700	155	165	180	2	4	5
	750	105	115	145	4	8	12
	800	63	83	103	10	20	30
	850	32	53	68	32	50	58
GKN (*326)	280	49	52	58	1½	4	7
	300	30	37	43	5	10	14
	330	12	22	29	15	23	27
	360	5	—	—	37	—	—
Jaguar (*594)	500	100	115	132	1	6	7
	550	53	73	90	4	17	20
	600	22	40	57	24	35	43
	650	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Feb	Calls May	Calls Aug	Puts Feb	Puts May	Puts Aug
Brit. Aero	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BAT Inds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Barclays	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brit. Telecom	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cadbury Schweppes	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Guinness	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Feb.	Calls May.	Calls Aug.	Puts Feb.	Puts May.	Puts Aug.
Ladbroke (*433)	330	105	110	120	0½	1	1
	360	75	80	90	1	1½	3
	390	45	55	65	1	6	12
	420	20	32	43	5	15	21
LASMO (*191)	140	52	56	62	1	1	3
	160	32	40	45	1	4	6
	180	13	26	32	2	9	14
	200	3	16	24	11	21	23
Midland Bk (*629)	500	132	142	147	1	3	5
	550	82	92	102	2	8	12
	600	32	50	65	4	22	27
	650	6	27	42	27	47	50
P. & O. (*595)	500	97	105	113	1	4	8
	550	47	62	75	2	10	15
	600	6	30	42	15	32	37
Racal (*229)	140	90	98	—	0½	1	—
	160	70	78	86	0½	1½	2
	180	50	58	66	0½	3	5
	200	30	40	48	1	6	9
	220	10½	26	34	3	10	15
R.T.Z. (*776)	650	130	145	162	2	4	9
	700	80	102	120	2	13	20
	750	37	64	85	5	30	42
	800	8	37	55	32	54	65
Vaal Reefs (*$91)	60	30½	31½	—	1	1	—
	70	20½	21½	27½	1	1½	2¼
	80	10½	16	21	1	4	4½
	90	3	10	13½	3½	7½	8½
	100	1½	4½	7½	11	13½	14½
Tr. 11¾% 1991 (*£105)	100	5¼	5⅜	5½	0⅛	0⅛	0⅞
	102	3¼	3⅛	3⅜	0⅛	0⅝	0⅞
	104	1⅛	2⅛	2⅝	0⅜	0⅞	2⅛
	106	0⅛	1⅛	1⅝	1⅛	1⅞	2⅜
Tr. 11¼% 03/07 (*£114)	106	8	8⅞	9⅜	0⅛	0⅛	0⅞
	108	6	7⅛	7⅞	0⅛	0⅛	1⅛
	110	4	5⅛	6⅛	0⅛	1	1⅝
	112	2⅜	3⅛	5⅛	0⅛	1⅞	2⅜
	114	1⅛	2⅜	4⅜	1⅜	2⅞	2⅞
	116	0⅜	2	—	2⅜	3⅞	—
	118	0⅛	1⅜	—	4⅛	5⅛	—

Option		Calls Mar	Calls June	Calls Sep	Puts Mar	Puts June	Puts Sep
Beecham (*504)	390	122	130	140	1	1½	6
	420	92	103	113	1	5	10
	460	55	68	82	6	13	20
	500	23	39	57	16	27	35
Boots (*279)	240	42	46	55	1	5	6
	260	23	31	39	2	7	12
	280	12	18	24	11	18	19
	300	7	12	18	27	30	33
BTR (*306)	260	50	58	68	1	5	7
	280	32	42	52	5	10	14
	300	17	29	35	9	20	25
	330	6	—	—	30	—	—
Blue Circle (*684)	550	142	150	—	1	2	—
	600	92	100	115	2	5	10
	650	52	65	82	8	17	23
	700	22	37	55	30	42	50
	750	8	15	30	70	80	90
De Beers (*$9.55)	750	220	240	265	3	10	16
	800	170	200	225	7	17	30
	850	125	160	185	12	30	45
	900	95	130	155	20	40	60
	950	65	100	130	45	65	85
Dixons (*341)	300	46	58	64	2	4	5
	330	24	36	50	9	15	17
	360	9	22	32	30	34	36
	390	4	13	—	52	54	—
Glaxo (*1305)	1200	135	170	205	15	30	50
	1250	102	135	175	25	44	70
	1300	70	110	150	40	67	90
	1350	42	90	128	75	93	115
	1400	25	72	110	110	125	143
Hanson (*156)	120	37½	—	—	1	—	—
	135	22½	27	34	1	2½	4½
	150	11	17½	23	4	8	9
	165	3¼	10½	15	12	15½	17
Lonrho (*262)	200	63	64	—	1½	1½	—
	220	43	45	47	2	4	7
	240	23	28	31	5	9	12
	260	8	14	17	12	17	23
Thorn EMI	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tesco	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trusthouse Forte	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Feb.	Calls Mar.	Calls Apr.	Calls May.	Puts Feb.	Puts Mar.	Puts Apr.	Puts May.
FT-SE Index (*1908)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

February 10. Total Contracts 42,386. Calls 34,042. Puts 8,344. FTSE Index Calls 1,557. Puts 1,816. *Underlying security price.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1986/87 High	1986/87 Low	Stock	Closing Price p	+ or −	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
[illegible]	F.P.	30/1	78	65	‡Avesco (Reg) 1p	77	+½	L0.5	6.6	0.9	19.7
[illegible]	F.P.	—	37	24	Benson (SGB)	35	......	bd0.5	3.2	2.0	21.8
[illegible]	F.P.	—	63	57	‡Border TV	56½	......	2.5	3.2	7.0	7.2
135	50	20/2	72½	61	British Gas	70½	−1	w6.5	2.1	5.9	11.2
§94	F.P.	6/1	119	114	‡Gaynor Group 10p	119	......	L2.67	2.8	3.2	16.0
§23	F.P.	5/1	29	24	‡Harmony Leisure 5p	29	+1	10.1	12.4	0.5	23.3
§100	F.P.	14/1	121	95	‡Hornby Group 5p	95	......	R3.195	2.8	4.7	10.8
§128	F.P.	30/1	180	146	Hoskyns Group 5p	176	......	u1.6	4.7	1.3	23.5
§144	F.P.	23/1	159½	144½	MIL Research 5p	159	......	R3.0	3.4	2.7	15.4
§102	F.P.	—	115	104	‡Mayborn Group 5p	111	+1	R3.2	3.0	4.1	11.5
150	75	—	78	75	Mezzanine Tst. Inc.	76	......	a10.4	—	9.7	—
50	F.P.	—	53	50	Do. Capital 50p	51	......	a10.4	—	11.6	—
[illegible]	F.P.	—	53	52	Multitrust	52	......				
§100	F.P.	—	107	101	Paribas French Inv. Tst.	107	+1	—	—	—	—
—	F.P.	—	106	101	Scot. Inv. Tst. Warrants	101	......	—	—	—	—
§112	F.P	8/1	131	119	‡Tribble Harris $0.01	130	......	RQ3.6c	2.8	1.9	19.0
§130	F.P.	27/2	183	148	Viking Packaging 10p	183	......	u3.5	3.0	2.7	17.7

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1986/87 High	1986/87 Low	Stock	Closing Price £	+ or −
101.61	£10	19/3	12¼	11½	Mid-Kent Water 8¾% Red Prf. 1997	12	....
§100	£50	15/5	51½	41½	Mid-Sussex Water 11% Red Deb 2012-16	50½	−1
§99.237	F.P.	—	102	100⅛	Monks Inv. Tst. 11% Deb. 2012	101⅛	−⅛
—	F.P.	—	100⅛	100⅛	Nationwide 11¼% Bds. 18/1/88	100⅛	...
—	F.P.	—	100	100	Do.10½% Bds. 15/2/88	100	...
**	F.P.	—	116½	110½	P. & O. 6¼% Cnv. Red. Prf.	116½	....

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1986/7 High	1986/7 Low	Stock	Closing Price p	+ or −
310	Nil	—	78 pm	71 pm	Anglia TV	71 pm	−7
175	Nil	—	20 pm	3½ pm	‡Cannon St. Invs. 20p	20 pm	......
480	Nil	—	63 pm	48 pm	Cookson 50p	61 pm	−2
36⅜	Nil	16/3	10 pm	9 pm	Petranol 10p	9 pm	......
42	Nil	20/3	15 pm	12 pm	Rowe Evans Inv. 10p	15 pm	..

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures. I Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. * Issued by tender. ¶ Offered holders of ordinary shares as a "rights." ‖ § Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ** Issued in connection with reorganisation merger or takeover. ■ Allotment price. ‡ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement.

WORLD STOCK MARKETS

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FINLAND

[illegible]

NETHERLANDS

[illegible]

GERMANY

[illegible]

ITALY

[illegible]

FRANCE

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (continued)

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

CANADA

TORONTO

Closing prices February 10

[illegible]

Sales	Stock	High	Low	Close	Chng
1100	CG Invest	$56¼	56	56¼	+¼
223504	Cl Bk Com	$22⅞	22	22¼	−½
3900	C Marconi	$21	20⅜	20⅜	−⅝
27059	C Occdental	$29⅞	29⅛	29½	−⅜
809370	CP Ltd	$22⅛	21¼	21⅝	−½
109013	CTire A f	$13⅝	13⅛	13½	+⅜
14294	CUtil A f	$19¾	19½	19¾	
103400	Gendis A	$17½	16⅞	17¼	+⅜
200	Giant Yk	$18½	18¼	18½	
3400	Gibrltar	$8⅜	8¼	8¼	−⅛
55434	Goldcorp f	$9	8⅝	9	
3800	Grafton A f	$16	16	16	
3396	GL Forest	$41¾	40¾	40¾	−½
4150	Greyhnd	$27	27	27	
24700	Nfl CapA f	$10	10	10	−⅛
650	Nfld LP A	$20½	20	20	−½
344606	Noranda	$26	25	25⅛	−½
180088	Norcen	$22⅛	21¾	21¾	
134477	Norcn ord f	$20¼	19¾	19¾	
3550	NC Oils	$13½	13⅜	13⅜	+⅛
201818	Nor Tel	$55¼	54⅛	54⅜	−1⅛
30243	Northgat	$7⅞	7⅜	7⅞	+⅜
113820	Nva AltA f	$7¾	7½	7½	−⅛
3600	Nowsco W	$16⅛	15¼	16⅛	+⅞
7081	Nu West	42	42	42	−1

MONTREAL

Closing prices February 10

[illegible]

Sales	Stock	High	Low	Close	Chng
5175	MntTrst	$15	14¼	14½	−½
173784	NatBk Cda	$34½	33⅛	33¼	−1⅛
29450	Noverco	$13¾	13⅜	13½	−¼
159395	Power Corp	$19⅛	18⅜	18½	−⅜
40087	Provigo	$22⅛	20¾	21	−⅝
8200	RollandA	$18¾	18½	18¾	
500	RollandB	$27	26¾	27	+¼
127166	Royal Bank	$38	37⅛	37⅜	−⅝
1370	RoyTrstco	$32½	32¼	32½	
13128	SteinbrgA	$37⅛	36½	37⅛	+⅞

Total Sales 8,733,903 shares

F—No voting rights or restricted voting rights.

Indices

NEW YORK-DOW JONES

	Feb 10	Feb 9	Feb 6	Feb 5	Feb 4	Feb 3	1986/87 High	1986/87 Low	Since Compilation High	Since Compilation Low
Industrials	2,158.84	2,188.15*	2,188.87	2,201.49	2,191.23	2,188.45	2281.49 (5/2/87)	1502.29 (22/1/86)	2281.49 (5/2/87)	41.22 (2/7/32)
Transport	907.82	914.49*	924.18	917.38	911.94	891.84	924.18 (6/2/87)	686.97 (9/1/86)	924.18 (6/2/87)	12.32 (8/7/32)
Utilities	221.58	223.34*	226.16	227.49	227.31	228.45	227.83 (22/1/87)	169.47 (22/1/86)	227.83 (22/1/87)	10.5 (8/4/32)
Trading vol	-	-	184.10m	256.66m	222.43m	198.85m	–	–	–	–

	Jan 30	Jan 23	Jan 16	Year Ago (Approx)
Ind Div Yield %	3.11	3.19	3.23	4.01

STANDARD AND POORS

	Feb 10	Feb 9	Feb 6	Feb 5	Feb 4	Feb 3	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Industrials	310.90	313.28*	316.29	317.86	315.73	311.88	317.86 (5/2/87)	224.48 (22/1)	315.73 (4/2/87)	3.62 (21/6/32)
Composite	275.07	277.38*	280.04	281.16	279.64	275.99	281.16 (5/2/87)	283.49 (22/1)	279.64 (4/2/87)	4.40 (1/6/32)

	Jan 28	Jan 21	Jan 14	Year Ago (Approx)
Ind div yield %	2.68	2.75	2.81	3.44
Ind. P/E Ratio	19.87	19.34	18.93	14.68
Long Gov Bond Yield	10.01	9.92	7.36	9.29

N.Y.S.E. ALL COMMON

Feb 10	Feb 9	Feb 6	Feb 5	1987 High	1987 Low
157.10	158.52*	158.93	160.361-59.31 (4/2/87)		117.75 (22/1)

RISES AND FALLS

	Feb 6	Feb 5	Feb 4
Issues traded	1,973	1,896	1,981
Rises	785	1,039	1,202
Falls	766	588	424
Unchanged	422	367	355

TORONTO

	Feb 10	Feb 9	Feb 6	Feb 5	1987 High	1987 Low
Metals & Minls	2,319.1	2,344.7*	–	2,373.1	2,442.85 (21/3)	1,917.4 (5/8)
Composite	3,465.7	3,511.6*	3,525.20	3,512.8	3,525.2 (6/2/87)	2,764.8 (17/2)
MONTREAL Portfolio	1,765.29	1,784.56*	1,789.88	1,792.26	1,780.7 (4/2/87)	1,386.6 (22/1)

* Indicates pre-close figure

	Feb. 10	Feb. 9	Feb. 6	Feb. 5	1986/87 High	1986/87 Low
AUSTRALIA						
All Ord. (1/1/80)	1553.7	1554.7	1538.2	1533.4	1554.7 (9/2/87)	1010.8 (2/1/86)
Metals & Mnls. (1/1/80)	774.7	769.6	788.6	763.2	798.0 (20/1/87)	481.1 (20/1/86)
AUSTRIA						
Creditbk Aktien (30/12/84)	201.67	202.50	203.0	205.00	288.64 (28/4)	201.67 (10/2/87)
BELGIUM						
Brussels SE (1/1/84)	4025.25	4018.11	4007.25	4000.70	4151.63 (9/12)	2766.91 (15/1/86)
DENMARK						
Copenhagen SE (3/1/83)	(u)	209.49	215.05	217.38	250.70 (18/4)	186.28 (11/11)
FINLAND						
Unitas Genl. (1975)	445.4	445.2	–	445.5	462.1 (15/1/87)	258.3 (2/1/86)
FRANCE						
CAC General (31/12/82)	415.8	418.2	418.4	416.3	425.7 (28/1/87)	287.9 (2/1/86)
Ind Tendance (31/12/86)	105.2	106.10	106.3	106.8	108.4 (27/1/87)	97.8 (2/1/87)
GERMANY						
FAZ Aktien (31/12/58)	576.85	581.81	576.19	568.83	753.88 (17/4)	566.85 (5/2/87)
Commerzbank (1/12/53)	1746.2	1765.5	1753.6	1677.6	2278.9 (17/4)	1677.6 (5/2/87)
HONG KONG						
Hang Seng Bank (31/7/64)	2694.85	2713.67	2675.57	2652.14	2713.67 (9/2/87)	1559.94 (19/3)
ITALY						
Banca Comm. Ital. (1972)	692.98	695.65	705.11	705.59	908.20 (20/5)	454.87 (24/1/86)
JAPAN**						
Nikkei (16/5/49)	19814.0	19679.32	19658.85	19795.1	20072.1 (2/2/87)	12981.0 (21/1/86)
Tokyo SE New (4/1/68)	1753.75	1722.89	1722.19	1751.60	1762.87 (2/2/87)	1025.85 (21/1/86)
NETHERLANDS						
ANP.CPS General (1970)	258.9	262.0	262.5	262.0	301.0 (5.9)	240.4 (3/3)
ANP.CBS Indust (1970)	245.6	246.9	247.8	247.1	303.9 (19/6)	234.8 (3/3)
NORWAY						
Oslo SE (4/1/83)	372.55	376.92	375.09	371.23	402.81 (16/1/86)	331.61 (4.8)
SINGAPORE						
Straits Times (30/12/66)	985.72	972.54	985.98	971.26	985.72 (10/2/87)	563.34 (28/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	–	1952.0	2009.0	1984	2121.0 (15/1/87)	1109.1 (21/4)
JSE Indust (28/9/78)	–	1523.0	1524.0	1521	1534.0 (3/2/87)	1019.3 (2/1/86)
SPAIN						
Madrid SE (30/12/85)	239.39	241.20	241.28	247.51	251.45 (4/2/87)	109.85 (3/1/86)
SWEDEN						
Jacobson & P (31/12/56)	2249.04	2254.52	2263.68	2271.42	2872.78 (7/11)	1729.57 (29/1/86)
SWITZERLAND						
Swiss BankCpn (31/12/58)	571.2	576.7	574.4	571.1	625.5 (9/1/86)	497.2 (4/8/86)
WORLD						
MS. Capital Intl. (1/1/70)	–	400.6	399.6	401.6	402.4 (2/2/87)	249.8 (24/1/86)

** Saturday February 7: Japan Nikkei 19550.21. TSE 1758.34.

Base value of all Indices are 100 except Brussels SE—1,000, JSE Gold—255.7, JSE Industrial—264.3, and Australia, All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors 10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financial and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Dia Sham	2,389,200	14½	−⅜	McDermott	1,146,300	25½	−⅞
ATT	2,115,500	24	+⅛	Philips Pet	1,133,600	13⅛	−⅝
IBM	1,683,900	133⅜	−2	Salomon Inc	1,124,000	39¾	+⅝
General Motors	1,202,700	76⅝	—	Southern	962,900	27¼	−⅛
Houston Ind	1,178,700	37⅛xd	−1⅛	Xerox	925,700	68⅞	+⅝

TOKYO – Most Active Stocks
Tuesday, February 10, 1987

	Stocks Traded	Closing Price	Change on Day		Stocks Traded	Closing Price	Change on Day
Nippon Steel	454.20m	279	+11	Nippon Mining	25.21m	438	+11
Sumitomo Metal	87.81m	187	+7	Nippon Kokan	23.86m	270	+4
Kawasaki Steel	62.30m	231	+5	Toray Industries	17.94m	708	+35
Kobe Steel	57.59m	217	+15	Sumitomo Chemical	15.73m	545	+17
Mitsui Engin. & Ship	43.88m	208	+14	Ajinomoto	13.60m	2,208	+100

OVER-THE-COUNTER *Nasdaq national market, closing prices*

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N. AMERICAN QUARTERLY RESULTS

ANCHOR HOCKING
Glass containers

Fourth quarter	1986 $	1985 $
Revenue	203.4m	187.9m
Net profits	†1.4m	†7.6m
Net per share	†0.13	†0.73
Year		
Revenue	757.8m	720.3m
Net profits	6.6m	2.4m
Net per share	0.63	0.23

† Loss

EG & G
Electronics equipment

Fourth quarter	1986 $	1985 $
Revenue	305.2m	313.1m
Net profits	11.3m	16.3m
Net per share	0.41	0.60
Year		
Revenue	1.15bn	1.16bn
Net profits	44.9m	55.7m
Net per share	1.65	2.07

HUSKY OIL
Energy

Fourth quarter	1986 C$	1985 C$
Revenue	141.7m	217.5m
Net profits	†60m	33.4m
Net per share	†0.63	0.35
Year		
Revenue	637.7m	923.3m
Net profits	36.4m	126m
Net per share	0.39	1.38

† Loss reflects C$95m write-offs

STERLING DRUG
Pharmaceuticals

Fourth quarter	1986 $	1985 $
Revenue	523.6m	468.2m
Net profits	45.1m	†709,000
Net per share	0.77	†0.01
Year		
Revenue	1.99bn	1.75bn
Net profits	171.5m	109.7m
Net per share	2.91	1.83

† Loss reflects deficit on discontinued operations

CHAMPION SPARK PLUG
Spark plugs

Fourth quarter	1986 $	1985 $
Revenue	230.1m	203.3m
Net profits	1.5m	1.5m
Net per share	0.04	0.04
Year		
Revenue	883.8m	829.4m
Net profits	†17.2m	15.2m
Net per share	†0.45	0.40

† Loss

GLOBAL MARINE
Offshore drilling

Fourth quarter	1986 $	1985 $
Revenue	29.1m	83.6m
Net profits	18m	†111.5m
Net per share	0.42	†3.53
Year		
Revenue	185.5m	378.6m
Net profits	†209.2m	†220.8m
Net per share	†6.80	†7.27

† Loss

POGO PRODUCING
Oil and gas

Fourth quarter	1986 $	1985 $
Revenue	28.8m	55.1m
Net profits	†13.6m	†92.7m
Net per share	†0.30	†5.20
Year		
Revenue	150.5m	240.3m
Net profits	†58.3m	†81.8m
Net per share	†3.62	†5.03

† Loss

UNITED TELECOMMUNICATIONS
Telecommunications

Fourth quarter	1986 $	1985 $
Revenue	738m	790.5m
Net profits	28.2m	†141.1m
Net per share	0.28	†1.53
Year		
Revenue	3.06bn	3.13bn
Net profits	180.8m	20.8m
Net per share	1.81	0.18

† Loss after $175m charge

LONDON

Chief price changes (in pence unless otherwise indicated)

RISES

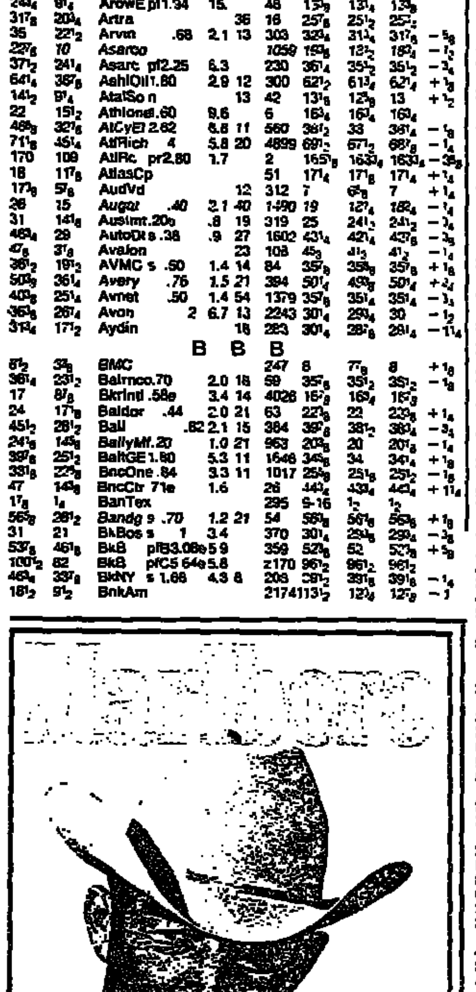
Ault & Wib	108	+7
Av Rub	470	+14
Chloride	66	+4
Clondalk	525	+40
Dew Warren	168	+89
Glanf Lawrence	96	+10
Lookers	245	+12
Pentland Inds.	590	+22
Polypipe	208	+19
Sarasota Tech.	103	+19

FALLS:

BOC	446	−13
Barclays	556	−14
BP	792	−29
Britoil	188	−13
Cab & Wirel	368	−13
Chamberl Phipps	126	−10
Dura Mill	98	−7
Glaxo	£12¹³⁄₁₆	−⅜
Harris & Crosf	486	−12
ICI	£13⅜	−¼
Kleinw Benson	566	−18
LASMO	188	−11
RMC	752	−34
Redland	476	−23
Reuters B	620	−14
Royal Ins.	939	−19
Smith (W. H.) A	306	−12
Tomkinsons	380	−25
WCRS	622	−23

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
29⅞	18	AAR s	.50	1.8	20	243	28⅛	26¾	27⅝	−⅝
32¾	21⅞	AOT	.92	3.0		1091	30⅞	30¼	30⅝	−⅛
38½	19	AFG s	.12i	.3	11	164	37⅜	37⅛	37¼	+¼
37	16¾	AGS			20	69	34¼	33¾	34	−½
15	6¾	AMCA				26	6⅝	6⅝	6⅝	+⅛
62⅛	47¼	AMR			12	2123	58	56¼	57⅜	−½
27½	24	ANR pf	2.67	10.		5	25½	25½	25½	−¼
16½	10	ARX	.71t	5.6	12	124	12⅞	12½	12¾	
42⅛	28¾	ASA	2a	4.8		483	41⅞	41¼	41½	−⅜
18⅝	9¾	AVX			21	248	15⅝	14¾	15⅝	+⅛
32	26¼	AZP	2.72	8.9	10	2749	30¾	30⅝	30⅝	
59¾	33	AbtLb s	.84	1.5	25	4172	58⅝	55¾	57⅜	−1
32	25	AccoWd	.62	2.0	19	360	30½	29¾	30¼	−¼
14⅛	9	AcmeC	.40	3.1	24	382	13½	12¾	13	−⅜
9¼	6⅞	AcmeE	.32b	4.3	26	z21	7¾	7½	7½	
23⅞	17¾	AdaEx	3.42e	16.		394	22	20⅝	20¾	−1¼
16¾	9¾	AdmM s	.24	1.5	13	60	16⅛	16⅛	15⅝	
20⅝	12⅛	AdvSys	.62t	3.2	16	97	19¾	19½	19½	−⅛
32⅞	12⅞	AMD				7253	21⅝	20⅝	21⅛	−⅝
10¾	5¼	Adobe				770	8¼	8	8¼	
19¼	13¾	Adob pf	1.84	9.7		213	19	18⅞	18⅞	−⅛
21⅞	16⅝	Adob pf	2.40	11		29	21¾	21½	21½	−¼
18⅜	11½	Advest	.12a	.9	11	286	13¾	13⅝	13⅝	+¼
66¼	53	AetnLf	2.64	4.3	9	2116	62⅞	61⅜	61¾	−⅜
101½	87¼	AetL pfC	5.67e	6.1		425	93⅝	93½	93⅝	+⅝
45¾	18⅞	AflPb s	.32	.7	24	501	44½	44½	44½	−⅛
28¾	18⅞	Ahmns s	.88	3.6	8	z7825	24⅝	23½	24½	+½
5¾	2⅞	Aileen				84	4¼	4⅛	4⅛	−⅛
46¾	29⅛	AirPrd s	.80	1.8	372	1695	45⅛	44	44⅝	−⅛
35¼	16	AirbFrt	.60	1.7	16	492	34⅞	34¾	34¾	



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NYSE COMPOSITE CLOSING PRICES

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12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
53¾	37¼	Olin	1.60	3.4	14	733	47¼	46⅝	46⅝	−¾
9	6⅜	Omncre				91	7⅞	7¾	7¾	
18⅝	9⅞	Oneida	.40	2.8	38	69	14½	14	14	−¼
39¼	27¼	ONEOK	2.56	6.5	15	345	39¼	38⅝	39⅛	+⅜
40	27¾	OranR	2.18	6.4	12	360	34⅛	33⅞	34⅛	
9¼	6¼	Orange				86	9	8⅞	9	
4⅝	1½	Orient				60	2½	2⅜	2⅜	
40¼	26⅝	OrionC	.76	2.6		119	29	28¾	28⅞	+⅛
18⅝	10¼	OrionP				1403	16⅝	15⅞	16⅝	+¼
11⅝	8¼	Orion pr	.50	4.6		3	11	10⅞	10⅞	−⅛
33½	23⅞	OutbdM	.64	2.0	39	2014	31¼	29¾	31¼	+1¼
30¼	18	OvShip	.50	2.2	16	x511	23⅛	22¼	22¾	−¾
22⅞	8⅞	OwenCn			46	7295	u23¼	21¾	22⅝	+¾
60⅝	29⅜	OwnIll s			20	10866	59⅞	58¾	59¾	−¼
89	75	OwnIl pf	4	4.2		25	u95	84	95	+15
18⅜	13⅛	Oxford	.50	3.2	16	105	15⅝	15⅜	15⅝	
		P Q								
39¼	29⅛	PHH	1.04	2.9	17	393	36⅛	35¾	35¾	−⅜
89¼	52⅝	PPG	2.16	2.6	16	x1636	84⅞	82½	84	−2⅝
17½	15	PacAS	1.54	8.9		35	17¼	16⅞	17¼	+¼
27½	20⅝	PacGE	1.92	7.4	10	6774	26¼	25½	25⅞	−⅜
57½	45	PacLtg	3.48	6.6	34	2012	53	52½	52⅝	−⅛
17⅜	10⅜	PacRes			10	233	14⅜	14½	14⅝	−¼
26½	20¾	PacRs pf	2	7.9		10	25⅜	25¼	25⅜	+⅛
17	9¾	Zemex	.40	3.1	8	94	13⅛	12⅞	13	+⅛
29⅞	17⅞	ZenithE				857	22½	21¾	22⅛	−⅜
18¼	8	ZenLb s			68	7670	10⅞	10¼	10⅞	+⅞
22⅜	12⅜	Zero s	.36	2.0	19	125	17⅞	17½	17⅝	−⅜
45¾	32¾	Zurmn	1.32	3.0	17	263	44¼	43½	44¼	+1¼
10⅝	8¾	Zweig	n.10e	1.1		625	9½	9⅜	9⅜	−⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER *Nasdaq national market, closing prices*

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FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET
Fall follows pessimistic dollar talk

COMMENTS on the dollar by Mr James Baker, US Treasury Secretary, pushed the US currency, stocks and bonds sharply lower yesterday on Wall Street, *writes Roderick Oram in New York.*

Bond prices fell by as much as a point at the long end of maturities, taking yields to their highest levels in three months. Short-term interest rates also rose strongly.

The downturn was exacerbated on stock markets by heavy programme selling, triggered when stock index futures fell to a discount to their underlying shares.

The Dow Jones industrial average closed down 18.70 at 2,158.04, the first time this year it has fallen three consecutive sessions. It dropped steadily during the morning – initially because of profit-taking but later because of the dollar and bonds – to a loss of more than 35 points. It found support in the mid-20s and later managed a partial recovery shortly before the close.

Broader market indices fell as sharply with the Standard & Poor's 500 closing down 3.09 points at 275.07 and the New York and American stock exchanges composite indices falling 1.65 points to 157.18 and 3.01 to 313.64 respectively. The over-the-counter composite index was off 2.28 at 403.50. NYSE volume was moderately heavy at 168.7m shares with with declining issues outnumbering advancing by two-to-one.

Among blue chips, American Express fell $⅝ to $67⅞, General Motors was off $½ to $75⅝, General Electric lost $2 to $98⅛, Philip Morris was down $2 to $84⅝, Kellogg gave up $⅝ to $57⅞ and 3M lost $¾ to $129⅝.

The further fall of the dollar failed to help support stocks which had been boosted in recent weeks by hopes that a lower US currency would improve their export performances. Forest product groups were hard hit with International Paper losing $1¾ to $92⅛. Weyerhaeuser off $¾ to $46⅛, Mead down $1⅜ to $66⅞, Kimberly-Clark off $⅜ to $107⅛ and Scott Paper falling $2¼ to $76⅝.

Semiconductors were depressed by reports that the US-Japan semiconductor trade pact was on the verge of collapse. Motorola dropped $1½ to $46½, Texas Instruments gave up $5¾ to $52¾ and National Semiconductor fell $⅛ to $14¼.

The weakness spilled into the computer sector with IBM off $⅝ to $133⅞. Digital Equipment down $2¼ to $150 and Hewlett-Packard giving up $1⅛ to $52⅛ although Unisys added $⅜ to $100⅛ and Honeywell was unchanged at $64⅞ after reporting a fourth-quarter loss from continuing operations of $97.5m against a net profit a year earlier.

On the takeover front, Owens-Illinois dipped $¼ to $59¾ on heavy volume of more than 1.1m shares. It agreed to an improved offer of $60½ from Kohlberg, Kravis Roberts, the leading buy-out specialists.

BankAmerica fell $1 to $12⅞ on 2.2m shares. First Interstate, up $1 to $57, dropped its bid worth about $15 a share for the troubled West Coast bank holding company.

Viacom International, the television programme and film group, gained $⅛ to $44⅞. It rejected a bid from a unit of National Amusements which already has a 19.6 per cent stake in Viacom.

American Medical International lost $½ to $18¼. The hospital group turned down a takeover offer from Pesch, a closely held Chicago company with interests in the same sector.

Companies reporting higher earnings from continuing operations included RJR Nabisco, off $1⅜ to $58½. Warner Communications, down $¼ to $27¾. Amax down $¼ to $16⅝ and Greyhound off $1 to $34¾.

Credit markets were slightly weaker in early trading yesterday despite some improvement in the dollar. But the picture was short lived as foreign exchange markets gave a negative interpretation to comments Mr James Baker, the US Treasury Secretary, made to Congress on trade policy and the US currency. The dollar fell in hectic trading, dragging bonds down with it.

The price of the 7.50 per cent benchmark Treasury long bond fell almost a point to 98²³⁄₃₂ at which it yielded 7.61 per cent, its highest level in three months. Short-term interest rates also rose sharply, mainly because the Fed Funds rate at which banks lend reserves to each other remained relatively high at 6⁵⁄₁₆ per cent.

Consequently, the discount rate on three-month Treasury bills gained 9 basis points to 5.79 per cent to give a yield of 5.96 per cent, rose 11 basis points on six-month bills to 5.78 per cent yielding 6.04 per cent and gained 9 basis points to 5.73 per cent yielding 6.05 per cent.

LONDON

THE WITHDRAWAL of US buyers prompted a brisk turnround in London equity markets yesterday and forced the FT-SE 100 index down 35.8 points to 1,874.9.

Internationals were broadly lower with ICI, a recent favourite among American investors, dropping £¼ to £13⅜ while Glaxo, which also boasts a large US following, giving up £⅛ to £12¹³⁄₁₆.

Builders suffered some sharp declines: RMC weakened 34p to 725p, while Redland closed 23p cheaper at 620p.

Banking and insurance issues, which featured strongly in last week's market surge, were mauled by profit-takers. Barclays at 556p was 14p down while Royal Insurance was 19p off at 939p.

The gilt market closed nervously ahead of bids due today for the new Government tap stock, which will mean a call on the market for about £200m as first instalment on the partly paid issue.

Chief price changes, Page 37; Details, Page 36; Share information service, Pages 34–35

CANADA

PROFIT-TAKING gathered pace in Toronto as Wall Street staged a huge sell-off. Golds suffered some of the sharpest falls.

Among actives, Canadian Pacific traded C$⅜ lower to C$21¼ on consideration of Monday's figures.

Nova Alberta, also active slipped C$⅛ to C$7½ and its Husky Oil subsidiary held steady at C$11¼. MacMillan Bloedel gave up some of Monday's sharp rise with a C$1½ fall to C$60¼.

Other forestry and paper product issues retreated with Domtar down C$¾ to C$48¾

Banks and utilities showed the largest falls in Montreal.

EUROPE
Frankfurt fails to halt losses

THE EFFECT of the dollar's continued weakness on exporters again subdued European bourses, and the US currency slid further in late trading following US Treasury Secretary Mr James Baker's expressed pessimism over a possible accord to stabilise exchange rates.

Frankfurt gave ground in moderate trading, with late bargain hunting recouping only some of the losses incurred during heavy morning selling. The Commerzbank index was 12.3 lower at 1,743.2.

Blue chips, notably cars and banks, were hardest hit by the dollar uncertainty. VW lost DM 6.80 to DM 339.50 on news that it expects to raise US prices because of the strong D-Mark. Daimler fell DM 21.50 to DM 962.50 and BMW lost DM 10 to DM 498. Porsche rose DM 3 to DM 870 before news that its dividend this year will be reduced.

Deutsche Bank shed DM 13.20 to DM 690.80 and Commerzbank lost DM 7.50 at DM 271.50.

Siemens also weakened, by DM 12 to DM 651.50, amid the disclosure that the number of its foreign shareholders has more than doubled in the last four years.

The looming pay battle between employers and metalworkers union IG Metall put pressure on steels and engineering, with Thyssen losing DM 3.30 to DM 113.50, engineering share KHD shedding DM 2.30 and Mannesmann dropping DM 2.70 to DM 149.10.

Utilities and retailers, less affected by the dollar's weakness, moved against the trend. Retailers were bolstered by news that turnover in the sector rose a real 3.7 per cent in 1986.

Bonds firmed. The Bundesbank sold DM 9.3m of paper after buying DM 75.8m on Monday.

Amsterdam eased slightly in a lifeless session again dominated by thoughts of the dollar. The ANP-CBS general index lost 3.1 to 258.9.

Internationals closed near the day's lows, KLM falling 50 cents to Fl 39.00 and Philips losing 30 cents to Fl 45.00. Unilever, however, managed to add Fl 1 to Fl 494.50.

Brewer Heineken lost 20 cents to Fl 151.50 and steel share Hoogovens fell 60 cents to FL 33.30. Among the advances were publisher Elsevier, by Fl 1.50 to Fl 231.00 and pharmaceutical group Gist Brocades, adding 10 cents to Fl 39.10.

Banks eased and insurers closed steady.

Paris edged slightly lower in fairly active trading. Among the leading fallers was Bouygues, by FFr 61 to FFr 1,241 following a National Statistical Institute survey showing a fall in public works.

Department store Au Printemps gained FFr 16 to FFr 639 on news that it is discussing a possible alliance with mail order and merchandising group La Redoute, which fell FFr 123 to FFr 2,827.

Poclain was one of few advances, adding FFr 2 to FFr 38 and there was strong demand for food stocks. Construction issues weakened.

The Government announced its intention to privatise Société Générale in the latter part of the year. The banking group, France's fourth largest, is capitalised at FFr 18bn on the basis of non-voting preferential certificates of investment.

Brussels was steady in busy trading, some buying interest being stimulated by a forthcoming pension savings scheme which will offer tax breaks for purchases of Belgian stocks.

Banks and finance houses firmed, while Copeba, up BFr 105 to BFr 5,070 and Petrofina, up BFr 50 at BFr 9,400 posted good gains. Utilities and holdings generally slipped.

Banque Bruxelles Lambert was unchanged at BFr 3,000 despite news it had set up a joint venture with Italy's Istituto di Credito delle Casse di Risparmio Italiane.

Zurich eased on the dollar and renewed foreign selling, although patchy local bargain hunting added some strength. Banks were weak with Union down SFr 55 to SFr 5,575 and Crédit Suisse SFr 45 cheaper at SFr 3,505. After the close of trading, Swiss Bank Corp joined the other leading institutions in cutting its rates on cash bonds.

Milan closed lower ahead of today's monthly deadline for converting option contracts and contango day on Friday. Last night the city's 120 registered stockbrokers met to discuss lengthening the bourse day beyond 1.56pm.

Among industrials Pirelli SpA added L5 to L4,960 on news of a $25m contract with an Indian group, while Olivetti dipped L10 to L12,090. Montedison slipped L12 to L2,829.

Stockholm was also steady as caution prevailed. Blue chips generally gave ground, though Skandia added SKr 2 to SKr 121 following its announcement of the expected purchase of Stockholms Badhaus.

Oslo dipped in featureless trading, the All-Share index losing 1.24 to 288.77. Norsk Hydro fell NKr 2.50 to NKr 149.50

Madrid weakened in all sectors except steel.

TOKYO
NTT buying flurry as price is set

BUSY trading in large-capital issues and continued strong buying interest in Nippon Telegraph and Telephone bolstered Tokyo share prices, *writes Shigeo Nishiwaki of Jiji Press.*

The stock price of privatised NTT was set at Y1.6m at the end of trading on the second day of the telecommunication concern's listing. This was up substantially from the public offering price of Y1.197m.

The Nikkei average rose 134.64 to 19,813.96. Turnover swelled from 360.51m to 1.08bn shares, reflecting active trading in large-capital issues. Advances led declines by 495 to 336, with 159 issues unchanged.

Strong buying took NTT up a maximum Y210,000 to close at Y1.6m after ending with a bid price of Y1.4m on Monday. Buy orders came to 366.106 shares against sell orders for 201,823 shares.

Nippon Steel remained the most active stock, with 454.20m shares changing hands, and advanced Y11 to an all-time high of Y279. Institutions and business corporations poured cash into the stock to take short-term profits, brokers said.

Traders said large-capitals accounted for eight of the 10 most active issues and for 73.7 per cent of the day's trading volume. Sumitomo Metal Industries, second busiest with 87.02m shares, firmed Y7 to Y197, Kawasaki Steel Y5 to Y231 and Kobe Steel Y15 to Y217.

Sumitomo Chemical, a chemical concern related to Aids drugs, was busy with 15.73m shares traded, adding Y17 to Y545.

Other Aids-linked stocks also advanced. Toray, on trade of 17.94m shares, added Y35 to Y700 on revived investor interest in its manufacture of interferon, an anti-virus agent said to be effective in preventing the outbreak of symptoms in Aids virus carriers.

Ajinomoto jumped Y100 to Y2,200, while Okamoto Industries, Japan's largest condom manufacturer, surged a maximum Y200 to Y1,460. Mitsubishi Kakoki Kaisha rose a maximum Y80 to Y475 on institutional buying.

Arabian Oil rose Y710 to Y5,720 on rumours of its discovery of a promising offshore oilfield near China and of speculative buying.

Securities company stocks strengthened almost across the board, with Nomura Securities gaining Y20 to Y3,760. The firmness was said to rest on prospects for higher operation profits of brokerages because of active trading in NTT shares.

Bonds eased in lacklustre trading after news that US Treasury Secretary Mr James Baker said no date had been fixed for a meeting of the Group of Five industrial countries' finance ministers and central bank governors.

The yield on the benchmark 5.1 per cent Government bond maturing in June 1996 rose from 4.735 to 4.765 per cent. Institutions stayed on the sidelines.

SINGAPORE

STRONG domestic and international interest in blue chips and Malaysian issues pulled Singapore higher. The Straits Times industrial index jumped 13.38 to a peak of 985.72.

Volume rose to 43.3m shares from Monday's 30.1m. Sealion Hotel was most active, rising 6 cents to S$1.28 on trade of 3.3m shares.

Several blue chips consolidated recent gains, Singapore Airlines adding 20 cents to S$10.20 and Straits Holdings rising 16 cents to S$4.06, both 12-month highs.

AUSTRALIA

AN EARLY buying spree which took the market above Monday's record levels was tempered by selected selling of industrials to leave Sydney largely steady. The All Ordinaries index edged down 0.8 to 1.553.

Media stocks remained active, with the Herald and Weekly Times adding 70 cents to a 12-month high of A$16.10. News Corporation, however, shed 10 cents to A$18.80.

Rothmans put on 70 cents to A$13.00 on news of improved profits.

SOUTH AFRICA

OVERSEAS selling, prompted by the further strengthening of the financial rand, led gold share prices into a decline in Johannesburg, despite a firm bullion price.

Industrial stocks, however, closed slightly firmer following Monday's mini-budget.

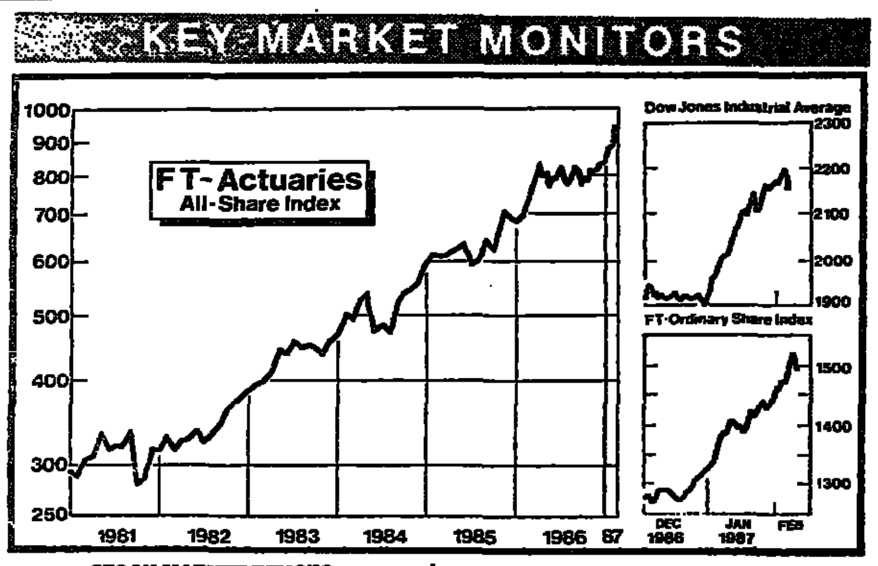
Among golds, sector leader Vaal Reefs tumbled R13 to R377 and Harties lost 75 cents at R22.50. Mining financial Anglo American dropped R1.25 to R67.25, while diamond share De Beers fell R1.25 to R39.75.

HONG KONG

PROFIT-TAKING and weaker overseas demand left Hong Kong easier for the first time in eight sessions. The Hang Seng index eased 18.82 to 2,694.85.

Properties slipped from two weeks of firmness, Cheung Kong losing 50 cents to HK$ 41.50, HK Land falling 15 cents to HK$ 7.75 and New World falling 30 cents to HK$ 10.30.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Feb 10	Previous	Year ago
DJ Industrials	2,158.04	2,176.74	1,626.38
DJ Transport	907.82	915.82	767.92
DJ Utilities	221.50	223.40	178.29
S&P Composite	275.07	278.16	216.26
LONDON			
FT Ord	1,493.0	1,516.6	1,191.4
FT-SE 100	1,874.9	1,910.7	1,461.5
FT-A All-share	932.39	947.20	707.48
FT-A 500	1,030.53	1,047.88	776.03
FT Gold mines	318.5	319.2	326.7
FT-A Long gilt	9.92	9.87	10.53
TOKYO			
Nikkei	19,813.96	19,679.32	13,226.1
Tokyo SE	1,733.75	1,722.99	1,056.94
AUSTRALIA			
All Ord.	1,553.7	1,554.7	1,068.9
Metals & Mins.	774.7	789.6	520.0
AUSTRIA			
Credit Aktien	201.67	202.50	238.74
BELGIUM			
Belgian SE	4,025.25	4,018.11	3,048.54
CANADA	February 10		
Toronto			
Metals & Minls	2,319.1	2,349.1	2,215.0
Composite	3,465.7	3,511.9	2,792.2
Montreal			
Portfolio	1,755.29	1,783.16	136.85
DENMARK			
SE	—	209.49	227.12
FRANCE			
CAC Gen	415.80	418.20	288.1
Ind. Tendance	105.20	106.10	69.08
WEST GERMANY			
FAZ-Aktien	576.83	581.61	669.75
Commerzbank	1,743.20	1,755.50	(c)
HONG KONG			
Hang Seng	2,694.85	2,713.67	(c)
ITALY			
Banca Comm.	692.96	695.83	502.40
NETHERLANDS			
ANP-CBS Gen	258.90	262.00	256.2
ANP-CBS Ind	245.00	246.90	246.9
NORWAY			
Oslo SE	372.55	n/a	382.11
SINGAPORE			
Straits Times	985.72	972.34	(c)
SOUTH AFRICA			
JSE Golds	—	1,952.0	1,217.4
JSE Industrials	—	1,523.00	1,067.5
SPAIN			
Madrid SE	238.39	241.20	110.39
SWEDEN			
J & P	2,254.52	2,254.52	1,861.90
SWITZERLAND			
Swiss Bank Ind	571.20	576.70	584.1
WORLD	Feb 9	Previous	Year ago
MS Capital Int'l	400.6	399.6	266.3

COMMODITIES

(London)	Feb 10	Prev
Silver (spot fixing)	362.30	366.70p
Copper (cash)	n/a	£891.50
Coffee (March)	£1,537.00	£1,527.50
Oil (Brent Blend)	$17.90	$17.85

GOLD (per ounce)

	Feb 10	Prev
London	$402.25	$406.00
Zürich	$403.25	$405.65
Paris (fixing)	$406.64	$408.12
Luxembourg	$404.75	$403.20
New York (April)	$406.20 *	$406.50

CURRENCIES

	US DOLLAR		STERLING	
(London)	Feb 10	Previous	Feb 10	Previous
$	–	–	1.5355	1.5190
DM	1.7970	1.8170	2.76	2.76
Yen	152.30	152.45	233.75	231.5
FFr	5.995	6.0525	9.205	9.1925
SFr	1.5175	1.5320	2.33	2.3275
Guilder	2.0285	2.0490	3.115	3.1125
Lira	1,278	1,293	1,962	1.964
BFr	37.20	37.75	57.10	57.35
C$	1.3355	1.3360	2.0440	2.0255

INTEREST RATES

	Feb 10	Prev
Euro-currencies (3-month offered rate)		
£	11	11
SFr	3⁷⁄₁₆	3¹¹⁄₁₆
DM	4³⁄₁₆	4⅛
FFr	8¹¹⁄₁₆	8¹¹⁄₁₆
FT London Interbank fixing (offered rate)		
3-month US$	6⁷⁄₁₆	6⁵⁄₁₆
6-month US$	6⁷⁄₁₆	6⁵⁄₁₆
US Fed Funds	6¼*	6¼
US 3-month CDs	6.05*	6.175
US 3-month T-bills	5.805*	5.86

US BONDS

Treasury

		February 10* Price	Yield	Prev Price	Yield
6⅜	1989	99¹⁴⁄₃₂	6.483	99¹⁹⁄₃₂	6.345
7⅛	1993	99⁸⁄₃₂	7.147	99³¹⁄₃₂	7.002
7¼	1996	99¹⁴⁄₃₂	7.327	100¹⁸⁄₃₂	7.202
7¼	2016	99¹⁸⁄₃₂	7.534	100⁸⁄₃₂	7.476

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	Return index	Feb 9 Day's change	Yield	Day's change
1–30	161.81	−0.42	7.02	+0.07
1–10	153.73	−0.21	6.74	+0.07
1– 3	143.75	−0.06	6.45	+0.07
3– 5	156.64	−0.21	6.79	+0.06
15–30	190.62	−1.16	7.90	+0.07

Source: Merrill Lynch

Corporate	February 10* Price	Yield	Prev Price	Yield
AT & T				
3⅞ July 1990	92.75	6.30	92.44	6.40
SCBT South Central				
10⅞ Jan 1993	105.625	6.85	105.875	9.58
Phibro-Sal				
8 April 1996	98.72	8.20	99.75	8.04
TRW				
8¾ March 1996	103.75	8.16	104.00	8.11
Arco				
9⅞ March 2016	112.50	8.69	112.25	8.71
General Motors				
8⅛ April 2016	93.75	8.72	94.125	8.68
Citicorp				
9⅜ March 2016	102.00	9.17	103.00	9.08

Source: Salomon Brothers

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT)				
8% 32nds of 100%				
March	98–21	99–12	98–12	99–19
US Treasury Bills (IMM)				
$1m points of 100%				
March	94.22	94.33	94.18	94.31
Certificates of Deposit (IMM)				
$1m points of 100%				
March	–	–	–	93.99
LONDON				
Three-month Eurodollar				
$1m points of 100%				
March	93.52	93.62	93.51	93.59
20-year Notional Gilt				
£50,000 32nds of 100%				
March	115–19	116–11	115–18	116–07

* *Latest available figures*

Bob King in Taipei looks at the ingredients of a dramatic stock exchange boom

Foreigners sample taste of Taiwan's record recipe

TAIWAN's stock exchange was once considered by investors as a form of legalised roulette and by some big unlisted companies as an admission that they could not come by money any other way. This has not deterred the bulls among Taiwanese investors. Spurred by rosy economic forecasts for the island, they have been giving the exchange a record run for their money.

At the market's reopening after the five-day holiday for the Chinese Lunar New Year, the average stock index rose by more than 26 to 1,176.66, some 284 above its level exactly a year before. The record run continued through the week.

The index began rising sharply on December 8 in the wake of local elections and the settling of a major trade dispute with the US. On the last trading day of last year it closed at a then record high of 1,039.11.

Foreigners may invest in the Taiwan markets only indirectly at present through four mutual funds – the Taiwan (ROC) Fund, the Taiwan Trust Fund, the Formosa Fund and the Taipei Fund – all of which are underwritten by major international institutions but which have total capitalisation of only around $156m.

It is thus the Taiwanese investor who is responsible for most of the current strong showing – an investor who has been pushed away from traditional local capital havens and into the market by a variety of factors.

First, and perhaps foremost, is the country's economic performance. The gross national product increased by more than 10 per cent during 1986, largely on the strength of exports, which traditionally account for about half of GNP. Exports grew by almost 30 per cent to $39.8bn during the year.

Government economists are predicting similarly strong gains this year. They have targeted 8 per cent as a reasonable growth in GNP, which translates in the investing public's mind as meaning excellent prospects for the 130-odd listed companies on the exchange.

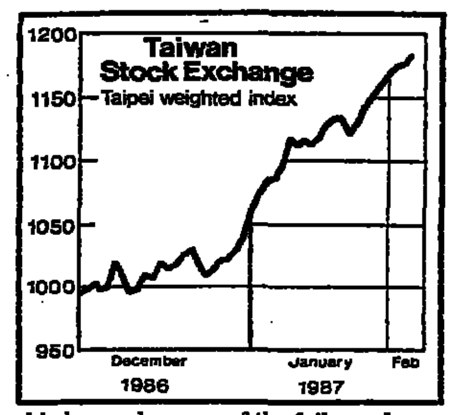
Second, the local money supply has been increasing at a phenomenal rate. Economists earlier announced that the basic money supply (M1) grew by almost 44 per cent during November of last year. That means investors have more money on hand to put into what they see as growth enterprises.

The increase in the money supply occured because exports have grown at a rapid pace while imports have increased more slowly and because Taiwan maintains stringent control on foreign exchange remittances.

The nation's foreign exchange reserves, already considerable two years ago, have rocketed to more than $48bn at the end of January.

That growth shows no sign of slowing: the central bank announced in late January that the reserves had increased by $2bn during the first 22 days of the year alone.

The money in circulation has almost nowhere to go except into consumption or the stock market. People who might earlier have pumped their spare funds into investment in private firms have



shied away because of the failure of supposedly sound companies a couple of years ago. They are also staying clear of the banks which, although awash with money, are having difficulty finding reliable places to invest and are offering unattractive interest rates on deposits.

The Government last year reversed course and decided to allow the establishment of external investment trusts to channel some of the country's accumulated funds into sovereign and bank paper abroad. It has also over the years allowed Taiwanese firms to invest in or purchase companies abroad.

But the amounts involved have made hardly a dent in the money supply.

According to the Economy Ministry's Investment Commission, the Government approved only $307m in direct and indirect investment abroad last year.

The commission estimated at the end of January that direct investments abroad last year totalled over $57m while indirect investments, such as those through the trusts, reached $250m. Most of those indirect funds came from institutional rather than private investors.

The external investment picture will probably change radically before mid-year, however. The Government is planning drastic changes in the nation's foreign exchange controls and at least one official has suggested that many major controls on external remittances will be lifted within six months.

This may not have a dramatic effect on capital outflow because of an officially tolerated black market that remits millions or even hundreds of millions of dollars abroad each year. The new regulations will more likely stimulate capital inflow, both because investment prospects here have brightened and because investors abroad will feel confident of being able to reconvert and remit their Taiwan dollar holdings should they desire to do so. That alone should provide a major stimulus to Taiwan stock.

Currently almost all sectors listed on the exchange are showing gains.

How long this will continue is open to conjecture. Some analysts maintain that the high-flying market is due for an adjustment although none are willing to say how drastic or prolonged that might be. Others say that any serious protectionist measures taken by the US Congress this year could deflate a market that is as dependent as Taiwan's manufacturers and exporters on sales to the US.